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ABSTRACT

This document reports oral and written testimony given at hearings by witnesses concerning House Bill (H.B.) 2039, the Job Training Partnership Act (JTPA) Amendments of 1989, and related proposals. The proposed legislation is designed to correct shortcomings in JTPA and to redirect focus to the hard to serve; and provide more intensive services through skill training, literacy, and remedial education programs in order to help these individuals to become employed for the long term. Witnesses included city officials, business executives, and community agencies, especially those funded through JTPA. Testimony centered on what programs are doing correctly at present and how they can be improved in the future, especially so that they can provide education for careers and not just first jobs. Emphasis also was placed on follow-up research to evaluate the success of programs. The proposed amendments would legislate such changes, among others. (KC)

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HEARINGS ON H.R. 2039, THE JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

ED321025

HEARINGS

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

HEARINGS HELD IN WASHINGTON, DC, JUNE 29 AND SEPTEMBER 20, 1989; SAN FRANCISCO, CA, JULY 7, 1989; LOS ANGELES, CA, NOVEMBER 3, 1989; AND CHICAGO, IL, JANUARY 12, 1990

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H.R. 2039, THE JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

THURSDAY, JUNE 29, 1989

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The committee met, pursuant to notice, at 10:05 a.m., in Room 2175, Rayburn House Office Building, Hon. Augustus F. Hawkins [Chairman] presiding.

Members present: Representatives Hawkins, Ford, Murphy, Martinez, Owens, Sawyer, Lowey, Poshard, Jontz, Petri, Gunderson, Fawell, Henry, Ballenger, and Smith.

Staff present: Carole Stringer, legislative analyst; Terri Schroeder, legislative analyst; and Beth Buehlmann, minority education coordinator.

Chairman HAWKINS. The Committee on Education and Labor is called to order. The hearing today is the first in a series which the committee will conduct on H.R. 2039, Job Training Partnership Act Amendments of 1989, and related proposals.

These bills are designed to enhance employment and training services for economically disadvantaged youths and adults. These initiatives have a common goal: to redirect the Job Training Partnership Act to those who are least skilled and most disadvantaged.

The proposed improvements to the program will give us a unique opportunity to reach those individuals who are at the bottom rungs of the economic ladder and have traditionally been left behind—those with limited basic skills, those with little or no work history, those lacking a high school diploma, and those from families who have been on welfare for more than two years.

Today our country is faced with very serious education and work issues. The startling statistics, I think, would highlight those problems. While the overall unemployment rate has dropped to 5.1 percent, the jobless rate is at a staggering 15.2 percent for teenagers, 11 percent for blacks and 7.9 percent for Hispanics. For black teenagers, the unemployment rate is 32.4 percent.

Approximately 21 million adults are functionally illiterate or marginally competent to meet the demands of modern society. Almost 25 percent of high school students fail to graduate and many high school graduates are unable to read their own diplomas.

While these shocking statistics are certainly a backdrop for us to consider, the JTPA program has provided us with less than promising results to help change the persistent problems of unemployment and illiteracy.

For example, under JTPA, there is little evidence of targeting those individuals most at risk of chronic unemployment and welfare dependency. Although targeted in the statute, school dropouts are underserved and receive little remedial education.

Moreover, the less job ready participants in JTPA are provided less intensive services and are less likely to receive occupational training than the more job ready groups.

The Job Training Partnership Act can be an effective intervention to advance the employability of disadvantaged youth and adults. However, in my view, JTPA has shifted away from the original Congresional intent to target those most in need of employment and training services.

Indeed, the program can be refined and refocused.

We need to target the hard to serve, particularly those individuals with severe barriers to employment. We need to provide more intensive services through skill training, illiteracy and remedial education programs in order to: 1) improve the employability skills of JTPA participants; 2) to enable them to participate in longer term training; and 3) to bolster their prospects for longer term success in the job market.

In many respects, H.R. 2039 and related proposals are designed to accomplish these particular goals. Today, we welcome Labor Secretary Dole and Mr. Gainer from the General Accounting Office and we look forward to their views on refocusing the Job Training Partnership Act. We also look forward to working with the Secretary to develop a bill to accomplish these mutual goals.

May I, at this time, yield to the other members who may wish to make an opening statement at the beginning of this long series of hearings on the refocusing of the Job Training Partnership Act.

First, I call on the ranking Republican to my right, Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman. I regret that from the full committee perspective, Mr. Goodling cannot be here this morning. I think many in the audience know that he is still recovering from surgery earlier this week. He's doing fine, but unfortunately he cannot be here this morning.

So as the ranking Republican in the subcommittee, I have the privilege of working with you both in today's hearings and more importantly, Mr. Chairman, I think it ought to be a signal sent loud, strong and clear throughout the Capitol and throughout the town and throughout the country that this is one issue where I think there is going to be strong bipartisan cooperation.

I want to commend you and the legislation that you've introduced. I think it takes a good program and makes it better. I also want to indicate that it is the intent, I believe, of Mr. Goodling and I to introduce the administration Secretary Dole's package yet today. So before the recess, we will have both these pieces of legislation before us.

I think everyone will be pleased with how similar they are with only minor differences in a few areas. I want to join you in welcoming the Secretary back to what is going to become a more and more familiar place for her in the coming years.

I also want to make a special welcome to a constituent of mine from my home town. Even the Department of Labor, Mr. Chair-

man, has learned good politics. They know what kind of people to bring in and testify.

Nick Carroll is from my home town, home high school and everything else, of White Hall. Nick, we're glad to have you here. He told me he was nervous beforehand, and I told him there wasn't a thing to worry about before this group. He probably knows more about the program than any of us. So don't worry about that.

I do want to focus a little bit upon the Department's proposed legislation because I think it is a worthy goal. It builds upon the recommendations of the Department of Labor Advisory Committee, the GAO report and other input from the field.

As I said, I think it takes a good program and tries to make it better. It focuses service on those most at risk and the disadvantaged which I know is a common goal all of us seek. It requires a common core of services which should be available at the service delivery level for adults and youth.

Obviously, that includes the basic skills and the occupational skills. I, for one, have felt very strongly for sometime that we need to have both of those elements in a job training partnership program.

As well, it includes the very important step of assessment, service strategy and periodic review of the participants progress and meeting the objectives of the service strategy as a part of the core services which are required.

One of the issues, certainly, we will discuss further but one that I think has merit is the whole issue of integrating the youth program and the year-round sequence program of services.

Likewise, it directs the Governor to adjust the performance standards upon which the economic, geographic and demographic factors in the state and the SDAs are made. It incorporates the legislation, Mr. Chairman, that we had earlier regarding the state councils in the VOC ED bill in the Job Training Partnership Act.

I am pleased the administration has recognized the wisdom of the decision that was made by this committee in a bipartisan manner. Also, I think it maintains the integrity of the JTPA structure and builds on the strengths of that structure through which, as you know, Mr. Chairman, is an important issue to you from an urban area and very important to me from a rural area as we deal with that issue.

So I'm looking forward to the testimony today and as I said, a bipartisan cooperation as we move this important legislation both through the floor of the House and into final public law.

Chairman HAWKINS. Thank you, Mr. Gunderson. Any other statements from any of the members?

Mr. FORD. Mr. Chairman?

Chairman HAWKINS. Mr. Ford?

Mr. FORD. Yes, Mr. Chairman. First, I would like to thank you for—with all of the other pulls and tugs there are and the time of you and this committee—getting to the JTPA hearings this early in the session.

Like you, I was disappointed last fall when we had one opportunity to hear from the GAO and from the Inspector General of the Labor Department about numerous problems that they found in the JTPA program.

We were, unfortunately, in a period of time when it's virtually impossible to take initiatives and do much about it. I would also, Mr. Chairman, like to join you in welcoming the Secretary.

I've already had an opportunity to deal with Secretary Dole on what might seem to be minor matters but were to me at the time important. I want to thank her publicly for the fine spirit of cooperation and compassion that she has shown and called upon.

I hope that I don't have to come to you too often, but I hope that I can look forward to repaying your kindness to me as we work together in the future. I believe after looking at your testimony that we're going to have some problems, but they're going to be problems of detail and they're going to be problems of specifics not of overall policy in our goals.

I'm particularly happy, Mr. Chairman, to note the presence of a former staffer, an outstanding Republican from my state who was on this committee with us back in, I think—Bob, you were here in the 70s, late 60s?

Mr. JONES. Thank you, sir.

[Laughter.]

Mr. FORD. It was with Congressman Esch from Michigan and Bob was a very active person around the committee because Congressman Esch was a very active member of this committee. As a matter of fact—I don't think he wants the Secretary to know this—I think he may have been one of our co-conspirators when we wrote CETA. He was here at that time.

We found, Madam Secretary, we had to clean that up after awhile. These programs do have a way of getting away from us. I'm encouraged by meetings that I've been having, Mr. Chairman, with people who worked with JTPA across the country.

I've raised with some of them, particularly at the county level, some of the problems that both GAO and the Inspector General brought to our attention. I find that in some parts of the country they've recognized that themselves and they've taken action to prevent those things from happening.

When you look at how they are doing it, it suggests that we ought to be able to do that for everybody; that we really ought to try to bring other folks up to the standards that many, I'd like to hope most, of the people interested in the program all across the country have adopted for themselves and quite successfully avoided some of these problems or corrected them when they came to their attention.

We don't want to, obviously, turn the Labor Department into a superpoliceman, but we do think that—at least I think, Mr. Chairman, that we have an opportunity in a much friendlier atmosphere than we've had at some times in recent years, to work with the administration in developing sensible guidelines so that we can get the maximum bang for the buck out of this program.

It's one of the most positive programs to really do something about a segment of our population that we're losing ground with on every score. Every time I look at any kind of figure, statistic, I feel that they're driving me toward the ultimate day when I leave here as the most pessimistic person in the world and the most cynical.

I'm not nearly yet as cynical as I expect to be before I finish my career, but it's not difficult to develop some cynicism when you

compare reality with the dreams of the people who put these things together.

It was a hard job putting JTPA together in the first place because we didn't have a good working relationship with the president at that time. It was almost all push and pull and tug and I think it was some kind of a miracle that we got the bill that we got; that it turned out as well as it did.

So I'm not disappointed it wasn't a perfect piece of legislation. If it had been, in our opinion at that time, a perfect piece of legislation, by now it would still need fixing because these things are not static.

The populations we're trying to deal with are not static. You can't predict where the emphasis and the interest is going to be five years from now anymore than we could predict at the time of the enactment of JTPA what the concerns of today would be.

I'd like to say, Mr. Chairman, that the Secretary makes note of something I've been doing an awful lot of talking about and pushing—my two plus two program on the new technology link.

I find that the business community out there is listening even to a labor liberal like me. They listen when you talk about the labor shortage that is down the road because unlike the earlier period of my life where labor shortage meant everybody was going to be able to get a job, that's not what it means at all.

It means that we're going to have a shortage of people skilled enough to get the jobs that will be available and need to be filled. There are some forward thinking people in American industry who are looking down the road at the next decade and saying somebody's got to do something about this. This is one place we can make our contribution to their efforts and to the efforts of all of our other public and private institutions to meet that challenge. I look forward to working with the Secretary and her people and the other members of the committee.

I'm particularly happy to hear Mr. Gunderson's suggestion about the great bipartisan rapport that we're going to enjoy during the consideration of any legislation that comes out of here. Thank you, Mr. Chairman.

Chairman HAWKINS. Mr. Ballenger.

Mr. BALLENGER. Thank you, Mr. Chairman. I was reading a Congressional Quarterly article on JTPA and I was very pleasantly surprised to read that North Carolina has done an excellent job in targeting JTPA funds because of our labor shortage.

Our friend from Michigan just mentioned the fact that the unemployment rate around Raleigh, North Carolina is 2.8 percent, so we've been able to target everybody that we could find. Anybody that would be willing to take training, we'd be very happy to have. I'd like to say that in my own company, that we've hired at least three people—I checked it out before I came—through JTPA.

I think it's an excellent program. I would like to add, that a group of students who had dropped out of school came to Washington yesterday.

They were from Morgantown in Burke County which is right next to my own home county. It turns out that the community college system in four of the seven counties that I represent have now decided that they are going to approach business—and my compa-

ny is involved in it regarding the education of children who may drop out of school.

The basic idea is to put $500 into the community college system as a scholarship program for these students, who are approaching the six grade level. These were all six graders that visited me yesterday.

The students are guaranteed a college degree if they will just stay in school and graduate from high school. We only approach kids that don't have families, that are most likely to be dropouts and so forth.

As far as I'm concerned, it's one of the best things that the private sector has done and I would like to see it spread throughout the country. As I mentioned earlier, four of the seven counties in my district are participating in the program and two more are talking about doing it.

It's because of our community college system that we're able to guarantee somebody a college degree if they'll stay in school. It's our responsibility as business people that put up the money to individually talk to these students on a daily basis, not really daily but once or twice every six months and just try to keep their fire lit and tell them to stick in there and finish school.

It's just a program that I think is great. I think JTPA is great and I'd like to tell the gentleman from Michigan that quite often we disagree on many things, but on this one we don't disagree at all. Thank you very much.

Chairman HAWKINS. Mr. Martinez.

Mr. MARTINEZ. Thank you, Mr. Chairman. First of all, let me commend you on your past successful efforts to create an improved job training system for the hard to serve, the disadvantaged and the dislocated workers.

Second, Mr. Chairman, let me commend you on holding these hearings to improve and enhance JTPA, especially for inviting Secretary of Labor Dole to share her thoughts on us on improvements to JTPA.

From everything I've heard, said and read and from the brief encounters I've had with Secretary Dole, I really am convinced that she is equally committed to helping the disadvantaged workers of our nation.

Hopefully, we can work together as Mr. Gunderson has said in a bipartisan way to improve and build on the success of the private public partnerships that were created by JTPA.

Over the past few years, the full committee as well as the subcommittee of employment opportunities have held hearings as a part of their oversight responsibility. We've received testimony as to what's good about JTPA and what's bad about it.

Overall, I believe that most of the testimony was constructive criticism. Based on that criticism, the subcommittee has developed amendments introduced as H.R. 900 which I understand will be incorporated into Mr. Hawkins' bill of H.R. 2039.

In addition to accountability, though, I believe that there is a consensus to target job training first to those who cannot find skilled employment on their own. H.R. 2039, by targeting the hard to serve and creating the year-round youth program, I believe, accomplishes part of this goal.

In our fine tuning of JTPA, Mr. Chairman, I believe you and I share a common interest; that we're interested in making job training available to older workers, women and native Americans as well.

No matter what changes are made, I believe that JTPA should continue to serve older Americans at current service levels because as Work Force 2000 reported, the levels of older workers will make up a higher proportion of our future work force and consequently they will require some assistance.

With a desperate need for child care created by an increased number of working women heading up single parent households, I suggest that JTPA offer training in child care to older workers so that they may provide in-house child care to other JTPA enrollees and job corps participants.

Moreover, I believe that we can fine tune the management of JTPA as regarding Indian and native American programs by improving our sensitivities, the employment and training needs, on reservations.

Finally, I understand, Mr. Chairman, that we both are concerned about the financial accountability of JTPA. I don't think anyone would disagree that our taxpayer should be getting most for their investment or, as Mr. Ford put it, the biggest bang for our buck.

That's why I favor the use of basic Federal procurement standards in the administration of our training programs. In closing, Mr. Chairman, I thank you again for convening this hearing and praise you and your ambitious efforts to enhance our job training programs. Thank you.

Chairman HAWKINS. Any other members desire to make a statement at this point?

[No response.]

Chairman HAWKINS. If not, we will proceed to hear from the witnesses. Ms. Dole, you've already heard a number of testimonials on your behalf and a desperate need to cooperate in terms of the Job Training Partnership Act.

The Chair regrets that we do not have refreshments in order to make this a real party this morning, but we look forward to your testimony.

I know that you know how we feel about the issue. If I were to accuse you of imitating some of the provisions out of H.R. 2039, I think it's because we both borrowed from the same sources, the Advisory Committee, the GAO report and others.

So we look forward to a very constructive dialogue with you this morning and thank you, Mr. Jones, Mr. Gainer and the others. I understand you also have brought a young man from my particular congressional district. That seems to be a new strategy and we appreciate it.

I hope that later I will have the opportunity of meeting the young man. As you've said so often, there's no need for anyone to be nervous in these hearings because we're all here doing the best we can for ourselves and others. We look forward to your presentation.

Your written statement in its entirety will be printed in the record. You may proceed to deal with it as you so desire.

STATEMENT OF THE HONORABLE ELIZABETH DOLE, SECRETARY OF LABOR, U.S. DEPARTMENT OF LABOR

Secretary DOLE. Thank you very much, Mr. Chairman, members of the committee. What a pleasure to have this opportunity to appear before you, for I know we share a strong commitment to the future of the young people and the economically disadvantaged of America.

Mr. Chairman, all of us are in your debt for the leadership and foresight you have shown in focusing the Nation's attention on this issue. Some of the key concepts in the Job Training Partnership Act, such as the partnership between the private sector and local elected officials, are a credit to your leadership.

Before I proceed, I'd like to introduce a person who needs no introduction, who has been recognized already this morning, Assistant Secretary Bob Jones, who is certainly well known to this committee. Certainly, Bob has been invaluable in the preparation of the initiatives that we present to you today.

I'd also like to introduce two very special young people, Mr. Eric Allen and Mr. Nick Carroll. They are outstanding participants in JTPA programs that embody some of the principles we will be discussing here this morning.

Mr. Allen is in the JTPA program in the city of Los Angeles. Mr. Carroll is in the JTPA program conducted by the Western Wisconsin Private Industry Council. Mr. Allen is accompanied by Ms. Shirley Adams—Shirley, would you raise your hand—who is a consultant with the city of Los Angeles Community Development Department. Mr. Carroll is accompanied by Ms. Gloria Story, who is a field representative with the Western Wisconsin PIC.

We believe that thanks to JTPA Eric and Nick have a very bright future ahead of them. They and thousand of other young people like them are what our deliberations are really all about this morning.

Our discussion today is focused on a challenge and opportunity facing America: ensuring that every person who wants to work is qualified for a job in our rapidly growing and changing economy.

My comments today respond to that challenge by calling for a major initiative in training and employment for disadvantaged youth and adults under the JTPA.

Unemployment in America, as was mentioned earlier and I'll just repeat it for emphasis, has over the last few months been at its lowest point in 15 years, 5.2 percent. However, youth unemployment is 15.2 percent and minority youth unemployment is a staggering 32.4 percent. These are the lowest levels in a decade, but unemployment for these groups remains unacceptably high.

Fortunately, the job market today and for the foreseeable future holds great possibilities for our youth. The labor force is growing at only about one percent annually, and that's expected to continue through the year 2000. The average age of the American worker will rise from 36 to 40 in the next dozen years.

While labor demand will increase, the supply of young, teenage workers will shrink. We truly have the chance, together, to fulfill a dream that everyone who wants a job can have a job in America if they have the skills. More women, minorities, disabled and disad-

vantaged, many who've been at the end of the line, will finally have their chance for productive work. For employers, this tightening labor market means the stakes grow higher. As a number of American industries face a worker shortage, they have a vested interest in building a quality work force. Education and training will be the key to making our nation ever more competitive in a highly complex global market.

Yes, the stakes are high for America's youth and all Americans. Most assuredly, the self-respect and independence a job provides can go a long way toward combatting social ills such as teenage pregnancy, drug and alcohol abuse and crime.

But, for some of our youth, the real barrier to employment is not just a skills gap but a motivation gap as well. I believe it is rooted in an earlier time when jobs were less plentiful. Thus, many lowered their expectations of themselves and of the marketplace.

I think we truly have to say to these young people that it's a new day. I would just say, too, that these problems of a motivation gap and a skills gap are not restricted to inner-city communities; they are apparent in communities of all economic levels across this country.

It is a new day. Youth are needed. They are wanted. They are respected. There are jobs today if they have the proper skills. That's where we come in, you and I. I believe there's a potential for making a dramatic difference in how we motivate our youth and how we ensure that they have the skills to become productive members of America's work force. There is no doubting the enormity of the challenge.

With about 25 percent of high school students failing to graduate with their class and many graduates unable to read their own diplomas, the dimensions of our work force problem become clear. Simply put, we may be witnessing a new population of disadvantaged young people, those unable to step up to the career starting line, not solely because of poverty backgrounds, but rather due to a serious lack of skills and lack of motivation relevant to handling the demands of entry-level industrial and service industry jobs.

For years, the government has been distributing money to youth programs in a fragmented, piecemeal, programmatic fashion, sometimes without clear expectations of what the recipients should achieve.

Let me just say that those days have got to end. We must become more efficient, more effective in our resource allocation. I think, clearly, as we talk about the plans in our two proposals, that that is a centerpiece of both.

The Labor Department's Job Training Partnership Act is the most successful training program every undertaken. Its record on advancing the employability of disadvantaged youth and adults, and returning dislocated workers to the economic mainstream, has been unprecedented. We estimate that 68 percent of those who go through JTPA are placed in jobs, a record that no other job training program has equalled.

JTPA can be made better. Funds do not always reach the individuals and areas who need help the most. JTPA and other programs that provide related services often operate in isolation from one another and all too frequently the burden is on the individual

to go to many different places to be served. There is an urgent need for more than job training. Many desperately need basic skills training such as literacy and remedial education. How else will we break the cycle of unemployment and arm youth not just with a job, but the independence and skills for a lifetime of productive work? Current programs often have short-term success measures and short-term results, and they simply may be addressing the wrong problem for a particular youth and omitting his or her real needs.

Earlier this year, I undertook a fact-finding mission, a ten day, ten city tour where I visited a host of job training programs. I went to the ten cities where our regional offices are located, Mr. Chairman, and got to know my Labor Department family and also visited a number of the training programs.

I really wanted to find out what works and what doesn't. Are we training for the jobs of tomorrow? I came back to Washington inspired to say the least with a sense of missionary zeal, if you will.

You know why? I was inspired by young people like Eric and Nick. That's what happened. I met them across America, young people whose lives have taken on new directions, new meaning because of the experiences they've had in these programs.

As I said, in drafting our proposals, we recognized that as good as JTPA is, it can be better. Despite its superlative training and placement record, we must reach more of the least skilled and most disadvantaged.

I might note, Mr. Chairman, that while we developed this legislation, we have had, as you know, the benefit of the advice of 38 distinguished Americans who serve on the JTPA Advisory Committee, chaired by Marion Pines. I am pleased to be able to tell you and the members of the committee that our bill incorporates the wise counsel of that committee.

We have formally transmitted our legislative proposal to the Congress this morning. I understand, as Congressman Gunderson said, that it will be introduced shortly.

The bill is based on five key principles: maintaining the successful cornerstones of the current JTPA program; improved targeting of those in need or at risk; achieving a comprehensive, coordinated human resource policy; enhancing program quality; and increasing accountability.

I would like to indicate how these principles are reflected in our proposal. It's important to emphasize, Mr. Chairman, that while our bill proposes important changes in the JTPA program, we propose to retain the basic structure of the delivery system,, particularly the public/private partnership, which has been, in our view, a critical factor in the program's success.

We want to continue to draw on the energies and talents of those who have been responsible for this success—states, private industry councils, local elected officials, and others. Private industry councils will continue to be responsible for planning and oversight of JTPA programs. States and local service delivery areas will continue to have the flexibility to design programs tailored to their eligible population and local jobs.

One of the principal criticisms of JTPA has been a lack of specific focus on those least skilled and those who are most economically

disadvantaged. As in your bill, Mr. Chairman, we intend to respond to that criticism.

Given the healthy state of our economy, many of the disadvantaged can readily find their way into competitive employment without assistance. We need to target resources on those individuals, particularly in-school and out-of-school youth, who have a serious need and may not make it without our intervention.

Our bill will achieve this in three ways: by tightening the eligibility requirements for the program; through changes in the allocation formulas; and by authorizing a major new program for youth, both in the Nation's inner cities and rural areas.

Currently, as you know, eligibility is open to anyone who is economically disadvantaged. We propose to add a requirement that all youth participants and 50 percent of the adult participants be eligible only if they face additional barriers to employment, such as basic skills deficiency, welfare dependency, teenage parenting, homelessness, and youth who are prone to drop out due to a poor school record. We feel that these additional requirements will ensure that only those truly in need will be served by the program.

We propose to provide separate parts in the Act and separate formulas for youth and adults. We will also change the funding formulas for Title II of JTPA to move funds to geographic areas with higher numbers of economically disadvantaged persons.

Finally, we will propose a major new program of challenge grants to stimulate community-wide action targeted on youth in our country's most problem-ridden inner city neighborhoods and rural areas. Under this program, Youth Opportunities Unlimited, a community would provide the higher quality services required in our proposed new youth program, which I will discuss in a moment, and, in addition, they would have to demonstrate new ways for communities to combine their program efforts to improve employability of disadvantaged youth and ensure that all participants receive services that meet their job training needs and personal career goals. They would have to provide localities with incentives to coordinate service programs, thereby reaching more youth and serving them better, and establish standards of achievement, thus increasing the accountability of both service providers and youth alike to achieve positive outcomes.

Given budget realities, states should be developing coherent human resource development policies, especially for the disadvantaged population. Unfortunately, many states haven't done so. Admonitions from the Federal level haven't worked. Human resource programs are still run in a largely uncoordinated fashion resulting in scarce resources being used for frequently duplicative administrative arrangements.

Closer integration of services will be woven throughout the fabric of our bill. The centerpiece of our program integration effort will be the new State Linkage and Coordination Program. This program will provide JTPA-funded incentive grants, which we believe will be a strong inducement to Governors to develop a better overall coordinated plan, including a variety of state and Federal resources to target services to the disadvantaged.

These non-JTPA programs might include vocational education, the JOBS program in the new Family Support Act, and adult basic

education resources. The combination of the various resources may result in better coordinated service to disadvantaged youth and adults.

However, to ensure the maximum impact of these changes, we will provide these grants only to states who pledge to link the funds as part of a clear, comprehensive, coordinated strategy with defined, measurable goals. Let's take an example. A state might decide to develop a comprehensive plan to provide a variety of education and training services for 75 percent of the at-risk youth population within the state. To accomplish this, the state might plan and implement specific policies on how each state and Federal program would be coordinated to serve specific segments of the at-risk youth population as part of the overall strategy. The JTPA program could be used to provide intrinsic skills, orientation to the requirements of the work place and part-time and evening work experience combined with life skills training. Education programs within the plan might be used for literacy, special remediation, basic skills instruction and work place skills instruction. The resources of community and welfare agencies could be utilized to provide child care and other support services for students, as needed. The result would be an integrated, comprehensive program designed to enable a far higher proportion of at-risk student to complete high school.

This is a novel, some might even say, revolutionary approach. It goes beyond the rhetoric of the past on this subject and it will test the state's willingness to coordinate programs and systems to serve the disadvantaged.

Complementing this, service delivery areas will be required to develop formal agreements with their local counterpart agencies who serve the disadvantaged: education, welfare, and the employment service for example. Past agreements along these lines were largely nominal. These will involve real linkage of services and funding.

Of course, coordination is a two-way street. We are therefore pleased that Congress included provisions for coordination with JTPA and education in the JOBS program of the Family Support Act. We also applaud the section of the House legislation to reauthorize the Perkins Act which would strengthen the link between vocational education and JTPA. I would note that our proposal also includes provisions, similar to those in the House-passed Perkins Act reauthorization bill, that would establish a single state advisory council to advise the Governor on coordination of certain federally assisted human resource programs, including JTPA.

Our JTPA proposal and these welfare reform and vocational education provisions will provide the legislative framework to build new, closer program relationships at the Federal, state and local levels. I have met, Mr. Chairman, with Secretaries Sullivan and Cavazos to establish the basis for that working relationship. Our senior-level staff are now meeting regularly to put that relationship into operation even before new legislation is enacted.

I think this is absolutely crucial. If we do not bring down these bureaucratic barriers between departments, between programs, we don't have a chance of really making significant headway in this area. So we're dedicated to that principle.

It follows that if we are reach further back in the queue to help our most disadvantaged citizens, we must make available a support system to enable these individuals to become employable.

We've taken a hard look at the services of JTPA and we propose to make some changes to improve the support network. First, Mr. Chairman, in your bill you have recognized the importance of individual assessment. We would require that all participants be assessed to determine the specific services they want and need. On the basis of that assessment, a service strategy will be devised. We want to make certain that we are not providing training where it's not needed and omitting what is truly needed.

Second, to enhance service quality, local programs will provide achievement objectives for the participants.

Third, SDAs will be asked to offer appropriate service options so that a participant's needs for services can actually be met.

Fourth, our proposal will allow for more intensive services, particularly for youth. It will place increased emphasis on the acquisition of basic skills such as literacy and remediation. It will allow follow up assistance for a year after a participant enters the labor market.

In other words, we don't want to just encourage funding that would be based on training and pushing a person into a job slot. It's how they are going to do after they are there. How is it going six months down the road? Are they making headway? Are they still in that job? What about a year down the road?

Finally, summer jobs for youth will be integrated with longer term education and training services.

Higher quality services will increase the cost for each person served, but we believe these services will increase our long term success rate. While implementing these program improvements, we want to preserve maximum flexibility and discretion for those delivering services.

Mr. Chairman, in my view, one of the key reasons for the success of JTPA and its positive image in communities across this nation is the Act's emphasis on performance. Indeed, JTPA has broken new ground in setting concrete, meaningful standards of performance for training and employment programs. We will build on this experience and include new provisions to further enhance accountability. A departure from past practice will be the establishment of more competency-based programs that have specific performance standards so that we and the individuals being served can tell how they are progressing. It's essential that we raise expectations, our own and those of the disadvantaged persons we are trying to help. We need to give them a clear understanding of what they can expect from JTPA, what we expect from them, and how these expectations can be achieved.

To further assure the effectiveness of our service to a more difficult-to-serve clientele, we propose to incorporate basic skills achievement in our standards.

These, Mr. Chairman, are the salient features of the administration bill.

I'd now like to turn to your legislative proposal relating to JTPA. Clearly, your proposal is, in large part, consistent with the princi-

ples of the legislative proposal we have prepared and the recommendations of the JTPA Advisory Committee.

For example, your bill would increase targeting of services to the hard to serve. It would provide services to youth on a comprehensive year-round basis. It would target youth program funds to areas with large numbers of economically disadvantaged youth. It would further the accountability by strengthening performance standards for harder to serve individuals.

Obviously, there are some areas where we don't see exactly eye to eye but we are in substantial agreement on most of the major concepts. It will be a real pleasure to work with you, Mr. Chairman and the members of the committee, to achieve what I believe will be significant results for those most in need of our help. This will be a major bipartisan effort.

Mr. Chairman, this concludes my prepared statement but I'd like to turn to Nick and then to Eric to make any comments that they wish to make at this time.

Nick, would you like to lead off here and share with us some of your experience?

Mr. CARROLL. I guess I would like to start off with where I'd be without it. I guess I'd most likely be out of school with about a 9th or 10th grade education trying to make a living. We all know that's pretty much impossible.

I mean, it can be done with a lot of hard work, but I don't know. I don't think I would have been much of anything. I dropped out for like, I don't know, many a reasons I guess. Like, I had a rough family life.

My family was like—they got divorced. Some people don't get effected too much by a divorce, but I was one of those kids that it just blew me out of the water. Instead of blaming it on my parents, I took it out on school.

So I guess, basically, I was one of those students that teachers hated to have in their class after that. I was—the only thing that really kept me going in school was I was a hockey player and hockey was in school so you had to keep up fairly good.

I slipped a disc in my back and I couldn't play no longer. I had to go to a chiropractor for about a year to get it straight. I just lost all interest in school and going on any further anywhere.

So I dropped out and I just wasn't, you know—I worked for awhile and stuff. I went up to my boss and I just asked him, "Where am I going, you know, with a 9th or 10th grade education?"

He goes, "Well, you could go back and get your GED." I go, "Well, do they treat that the same as a diploma?" He said, "We're supposed to, but," he says, "a lot of people don't because they want to know that you finished school."

Well, I go, "Well, I guess it's time for me to quit and go back to school." I went back to school for awhile and it still—I was, like, 17 at that time and I wasn't—I was in with 15 year olds, 14, 15 year old kids.

When you're 17, you know, it just is pretty hard to go into a—it was like they were treating me as dumb. I wasn't dumb, but then I went on to—I found—my grandma and grandpa told me about this school that was starting, so I figured well, I'll just go look at it.

I went there one day and I just took a nice look at it and thought well, it's time for a change in my life. I've got to start doing something here. So I went to the school and now, I don't know, about a year and a half later I'm four and a half credits away from graduating.

I was never an outstanding student. Before I got like Cs and Ds. Now I'm getting As and Bs. So it does help. I mean, I don't know, now instead of being like a welfare case or whatever you'd call it, I'm paying taxes.

You know, I'm going to be working and going on to college and bettering myself as a person. Hopefully I'll be able to do something for other people that, you know—I don't know.

Without this program, I would be most likely out on the streets like sitting there with a pail, give me a penny. You got a penny? So now I've got like goals in my life. I'm going places, hopefully.

So, hopefully, I'll go on to college and be something productive instead of something unproductive.

Mr. ALLEN. I want to thank the Congressmen and the people who brought me here today and everything and my representative, Fred Parker, my case manager, and Shirley Adams, the other case manager who helped me out through this program.

Since I've been in here, this program, the JTPA, I accomplished a lot. I'm off the streets and everything. I want to thank them people and tell them about myself. I'm 21 years old and I've been to school.

I had a little problems at school and everything. I left that behind me and I have gone and worried about myself and everything. I had a little family problem, but I let that go. Thank God for that.

I went through four different high schools and everything. The area I'm in now, I'm a little in danger over there but I'm not going to let that bother me because there's gangs and drug members around and everything.

I'll be a father in two more months and everything. I want my child to come out healthy with no danger and everything. I want to thank that. The program I'm in now is really good. The parents and everything need to listen to the younger kids more instead of doubting them and help them more listen to their problems and pull them through so they can get their education and, you know, a nice paying job and a nice house and transportation and a car and everything where they can live their life where they won't have to watch, stay back everyday and everything.

This, you know, is not fair to younger persons out there with no job and everything because this wasn't their fault, you know. It's just people wanted to put them down 'cause they didn't have no education or, you know, no grades or nothing to get a job.

They're the kind of people out there that they need a chance. If people just stop and give them a chance, I think they can be, you know, educated and can make it through life and things, especially if they join the JTPA program.

It's a nice place to be. It really helps to get them off the street and everything.

Secretary DOLE. Thank you. Let me just say that we'll all be happy to answer any questions that you might have. My feeling is,

if what we were going to do was simply turn some young lives around, give some young men and women like those who are here this morning, an opportunity to have productive, meaningful work lives, that in itself would be enough to give me a strong feeling of dedication to this program and to make it one of my highest priorities while I serve as Secretary of Labor.

We also have the opportunity, in addition to turning young lives around, to help employers to have workers available when they need them, because the work force is growing slowly, employers are going to need all available workers who have the necessary skills. Certainly, it's in their vested interest to get in here and help us make this succeed. So we're trying to reach out to the business community and point out to them the opportunities that they have to work with us toward very meaningful goals.

I would hope, too, that with the social problems we face today in this country, which seem so impossible, that as we move forward to ensure that young people have independence and the self-respect, that the motivation gap and the skills gap are taken care, and that we address these social problems that really just hang over us now.

It seems so impossible. What are we going to do about some of these difficult issues? As people gain independence, self-respect, a job, I believe that we can have impact on these problems.

So I'm committed to this for many different reasons, but no reason higher than that of helping young people like the two we see here this morning who have made great use of their opportunities in the JTPA program.

[The prepared statement of Hon. Elizabeth Dole follows:]

STATEMENT OF
ELIZABETH DOLE
SECRETARY OF LABOR
BEFORE THE
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

June 29, 1989

Mr. Chairman and Members of the Committee:

What a pleasure to have this opportunity to appear before you, for I know we share a strong commitment to the future of the young people and the economically disadvantaged of America. Mr. Chairman, all of us are in your debt for the leadership and foresight you have shown in focusing the nation's attention on this issue. Some of the key concepts in the Job Training Partnership Act, such as the partnership between the private sector and local elected officials, are a credit to your leadership.

Before I proceed, I would like to introduce Assistant Secretary Bob Jones, who is certainly well known to this Committee, and who has been invaluable in the preparation of the initiatives that we present to you today.

Our discussion today is focused on a challenge--and opportunity--facing America: ensuring that every person who wants to work is qualified for a job in our rapidly growing and changing economy. My comments today respond to that challenge by calling for a major initiative in training and employment for disadvantaged youth and adults under the Job Training Partnership

Act (JTPA).

Unemployment in America has, over the last few months, been at its lowest point in 15 years--5.2%. However, youth unemployment is 15.2% and minority youth unemployment is a staggering 32.4%. These are the lowest levels in a decade, but unemployment for these groups remains unacceptably high. Fortunately, the job market today and for the foreseeable future holds great possibilities for our youth. The labor force is growing at only about one percent annually, and that's expected to continue through the year 2000. The average age of the American worker will rise from 36 to 40 in the next dozen years. While labor demand will increase, the supply of young, teenage workers will shrink. We truly have the chance, together, to fulfill a dream that everyone who wants a job can have a job--if they have the skills. More women, minorities, disabled and disadvantaged--many who've been at the end of the line--will finally have their chance for productive jobs. For employers, this tightening labor market means the stakes grow higher. As a number of American industries face a worker shortage, they have a vested interest in building a quality workforce. And education and training will be the key to making our nation ever more competitive in a highly complex global market.

The stakes are high for America's youth, and <u>all</u> Americans. Most assuredly, the self-respect and independence a job provides can go a long way toward combatting social ills such as teenage pregnancy, drug and alcohol abuse and crime.

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But for some of our youth, the real barrier to employment is not just a skills gap, but a motivation gap as well. I believe it is rooted in an earlier time when jobs were less plentiful. Thus, many lowered their expectations of themselves and of the market place.

These problems, by the way, are not restricted to inner city communities. The skills and motivation gaps are apparent in communities of all economic levels across the nation. But it's a new day. Youth are needed, they're wanted, and they're respected; there are jobs today, if they have the proper skills.

And that's where we come in.

I believe there is a potential for making a dramatic difference in how we motivate our youth, and how we ensure they have the skills to become productive members of America's workforce.

But there is no doubting the enormity of the challenge.

With about 25% of high school students failing to graduate with their class and many graduates unable to read their own diplomas, the dimensions of our workforce problem become clear. Simply put, we may be witnessing a new population of disadvantaged young people, those unable to step up to the career starting line, not solely because of poverty backgrounds, but rather due to a serious lack of skills and lack of motivation relevant to handling the demands of entry-level industrial and service industry jobs.

For years, the government has been distributing money to youth programs in a fragmented and piecemeal fashion and sometimes without clear expectations of what the recipients should achieve.

The Labor Department's Job Training Partnership Act is the most successful training program ever undertaken. Its record on advancing the employability of disadvantaged youth and adults, and returning dislocated workers to the economic mainstream, has been unprecedented. We estimate that 68% of those who go through JTPA are placed in jobs--a record that no other job training program has equalled.

But JTPA can be made even better. Funds do not always reach the individuals and areas who need help the most. JTPA and other programs that provide related services often operate in isolation from one another and all too frequently the burden is on the individual to go to many different places to be served. There is an urgent need for more than job training. Many desperately need basic skills training such as literacy and remedial education. How else will we break the cycle of unemployment and arm youth not just with a job, but the independence and skills for a lifetime of productive work. Current programs often have short-term success measurements and short-term results, or they simply may be addressing the wrong problem for a particular youth and omitting his real needs.

Earlier this year, I undertook a fact-finding mission--a ten-day, ten-city tour where I visited a host of job training

programs. I wanted to find out what works and what doesn't; are we training today for tomorrow's jobs? I came back to Washington inspired, to say the least--with a sense of missionary zeal, if you will--inspired by the young people I met whose lives have taken on new directions, new meaning, because of the experiences they have had in these programs.

As I said, in drafting our proposals, we recognized that as good as JTPA is, it can be better. Despite its superlative training and placement record, we must reach more of the least skilled and most disadvantaged.

I might note, Mr. Chairman, that while we developed this legislation, we have had, as you know, the benefit of the advice of 38 distinguished Americans who serve on the JTPA Advisory Committee, chaired by Marion Pines. I am pleased to be able to tell you and the Members of the Committee that our bill incorporates the wise counsel of that Committee.

We have formally transmitted our legislative proposal to the Congress this morning, and it is my understanding that it will be shortly introduced.

Our bill is based on five key principles:

- Maintaining the successful cornerstones of the current JTPA program
- Improved targeting of those in need or at-risk
- Achieving a comprehensive, coordinated human resource policy
- Enhancing program quality

- Increasing accountability

I would like to indicate how these principles are reflected in our proposal.

Maintaining the Successful Cornerstones of the Current JTPA Program

It is important to emphasize, Mr. Chairman, that while our bill proposes important changes in the JTPA program, we propose to retain the basic structure of the delivery system -- particularly the public-private partnership -- which has been, in our view, a critical factor in the program's success. We want to continue to draw on the energies and talents of those who have been responsible for this success -- States, Private Industry Councils, local elected officials, and others. Private Industry Councils will continue to be responsible for planning and oversight of JTPA programs. States and local service delivery areas will continue to have the flexibility to design programs tailored to their eligible population and local jobs.

Improved Targeting Of Those Most In Need or At-Risk

One of the principal criticisms of JTPA has been a lack of specific focus on those least-skilled and most economically disadvantaged. As in your bill, Mr. Chairman, we intend to respond to that criticism. Given the healthy state of our economy, many of the disadvantaged can readily find their way into competitive employment without assistance. We need to target resources on those individuals--particularly in-school and

out-of-school youth--who have a serious need and may not make it without our intervention.

Our bill will achieve this in three ways: by tightening the eligibility requirements for the program; through changes in the allocation formulas; and by authorizing a major new program for youth, both in the Nation's inner cities and rural areas.

Currently, as you know, eligibility is open to anyone who is economically disadvantaged. We propose to add a requirement that all youth participants and 50 percent of the adult participants be eligible only if they face additional barriers to employment, such as basic skills deficiency, welfare dependency, teenage parenting, homelessness, and youth who are drop-out prone due to a poor school record. We feel that these additional requirements will ensure that only those truly in need will be served by the program.

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Finally, we will propose a major new program of challenge grants to stimulate community-wide action targeted on youth in our country's most problem-ridden inner city neighborhoods and rural areas. Under this program--Youth Opportunities Unlimited--a community would provide the higher quality services required in our proposed new youth program which I will discuss in a moment and, in addition, would have to:

o Demonstrate new ways for communities to combine their program efforts to improve employability of disadvantaged youth;

o Ensure that all participants receive services that meet their job training needs and personal career goals;

o Provide localities with incentives to coordinate service programs, thereby reaching more youth and serving them better; and

o Establish standards of achievement, thus increasing the accountability of both service providers and youth alike to achieve positive outcomes.

Achieving Human Resource Program Coordination

Given budget realities, States should be developing coherent human resource development policies, especially for the disadvantaged population. Unfortunately, many States haven't done so. Admonitions from the Federal level haven't worked. Human resource programs are still run in a largely uncoordinated fashion resulting in scarce resources being used for frequently duplicative administrative arrangements.

Closer integration of services will be woven throughout the fabric of our bill.

The centerpiece of our program integration effort will be the new State Linkage and Coordination Program. This program will provide JTPA-funded incentive grants, which we believe will be a strong inducement to Governors to develop a better overall coordinated plan, including a variety of state and federal

resources to target services to the disadvantaged. These non-JTPA programs might include vocational education, the JOBS program in the new Family Support Act, and adult basic education resources. The combination of the various resources may result in better coordinated service to disadvantaged youth and adults.

However, to ensure the maximum impact of these changes, we will provide these grants only to States who pledge to link the funds as part of a clear, comprehensive, coordinated strategy with defined, measurable goals. For example, a State might decide to develop a comprehensive plan to provide a variety of education and training services for 75 percent of the at-risk youth population within the state. To accomplish this, the state might plan and implement specific policies on how each state and federal program would be coordinated to serve specific segments of the at-risk population as part of the overall strategy. The JTPA program could be used to provide intrinsic skills--orientation to the requirements of the workplace, and part-time and evening work experience combined with life skills training. Education programs within the plan might be used for literacy, special remediation, basic skills instruction and workplace skills instruction. The resources of community and welfare agencies could be utilized to provide child care and other support services for students, as needed. The result would be an integrated, comprehensive program designed to enable a far higher proportion of at-risk students to complete high school.

This is a novel--for some even a revolutionary--approach. It goes beyond the rhetoric of the past on this subject. And it will test the States' willingness to coordinate programs and systems to serve the disadvantaged.

Complementing this, service delivery areas (SDAs) will be required to develop formal agreements with their local counterpart agencies who serve the disadvantaged: education, welfare, and the Employment Service, for example. Past agreements along these lines were largely nominal; these will involve real linkage of services and funding.

Of course, coordination is a two-way street. We are, therefore, pleased that Congress included provisions for coordination with JTPA and education in the JOBS program of the Family Support Act. We also applaud the section of the House legislation to reauthorize the Perkins Act which would strengthen the link between vocational education and JTPA. I would note that our proposal also includes provisions, similar to those in the House-passed Perkins Act reauthorization bill, that would establish a single state advisory council to advise the Governor or coordination of certain federally assisted human resource programs, including JTPA.

Our JTPA proposal and these welfare reform and vocational education provisions will provide the legislative framework to build new, closer program relationships at the Federal, State and local levels. I have met with Secretaries Sullivan and Cavazos to establish the basis for that working relationship. Our senior-

level staff are now meeting regularly to put that relationship into operation even before new legislation is enacted.

Enhancing Program Quality

It follows that, if we are to reach further back in the queue to help our most disadvantaged citizens, we must make available a support system to enable these individuals to become employable.

We have taken a hard look at the services of JTPA and propose to make some changes to improve the support network:

- First, Mr. Chairman, in your bill you have recognized the importance of individual assessment. We would require that all participants be assessed to determine the specific services they want and need and, on the basis of that assessment, a service strategy will be devised.
- Second, to enhance service quality, local programs will provide achievement objectives for participants.
- Third, SDAs will be asked to offer appropriate service options so that a participant's need for services can actually be met.
- Fourth, our proposal will allow for more intensive services, particularly for youth: it will place increased emphasis on the acquisition of basic skills, such as literacy and remediation, and will allow follow-up assistance for a year after a participant enters the labor market.

o Finally, summer jobs for youth will be integrated with longer-term education and training services.

Higher quality services will increase the cost for each person served, but we believe these services will increase our long-term success rate. While implementing these program improvements, we want to preserve maximum flexibility and discretion for those delivering services.

Increasing Accountability

Mr. Chairman, in my view, one of the key reasons for the success of the JTPA and its positive image in communities across the Nation, is the Act's emphasis on performance. Indeed, JTPA has broken new ground in setting concrete, meaningful standards of performance for training and employment programs.

We will build on this experience and include new provisions to further enhance accountability. A departure from past practice will be the establishment of more competency-based programs that have specific performance standards so that we, and the individuals being served, can tell how they are progressing. It is essential that we raise expectations--our own and those of the disadvantaged people we are trying to help. We need to give them a clear understanding of what they can expect from JTPA, what we expect from them, and how these expectations will be achieved.

To further assure the effectiveness of our service to a more difficult-to-serve clientele, we propose to incorporate basic skills achievement in our standards.

To further assure the effectiveness of our service to a more difficult-to-serve clientele, we propose to incorporate basic skills achievement in our standards.

These, Mr. Chairman, are the salient features of the Administration bill.

I would now like to turn to your legislative proposal relating to JTPA.

Clearly, your proposal is, in large part, consistent with the principles of the legislative proposal we are preparing and the recommendations of the JTPA Advisory Committee. For example, your bill would:

- Increase targeting of services to the hard-to-serve;
- Provide services to youth on a comprehensive, year-round basis;
- Target youth program funds to areas with large numbers of economically disadvantaged youth;
- Further accountability by strengthening performance standards for harder to serve individuals.

Obviously, there are some areas where we don't see exactly eye to eye, but we are in substantial agreement on some major concepts. It will be a real pleasure to work with you and the Members of the Subcommittee to achieve what I believe will be significant results for those most in need of our help.

Mr. Chairman, this concludes my prepared statement. I would certainly be happy to respond to any questions that you or other members of the Committee may have.

Mr. FORD. Thank you and thank you for bringing these witnesses today. I have just a couple of questions, Secretary Dole. Ever since last fall, I've been anxious to find somebody from the Labor Department. We've been, all of us, waiting to see who you were going to be and then who Bob Jones was going to be. So we haven't——

Secretary DOLE. Bob Jones remained himself.

Mr. FORD. We didn't know where any of us were going to be at the time that we had our interest piqued by the GAO and by your Inspector General.

They raised some serious questions that I think we really have to address in looking at where we are so that we correct them if correction is necessary and avoid them if avoidance is necessary.

For example, we are going to hear this morning from GAO which has finalized a study, and I'm looking at one page of it, that says that over half of the lower skill OJT contracts we reviewed exceeded Labor's suggested training time for these occupations.

That's been a particular concern of mine when we found last year that your people told us that it took 510 hours to train an auto washer, a car washer at an automatic wash, 433 hours to train parking lot attendants, and 482 hours to train a dishwasher.

My recollection is that that translated out that the average OJT agreement for a dishwasher was 14 weeks. I find it very difficult to find very much education in about the fifth day of washing dishes.

Also, the Inspector General, I believe it was—and I could be wrong as to which it was—indicated there was no follow up to find out what happened after you spent 14 weeks training a dishwasher, what happened to him.

Was that person then employed or was that person then replaced with another subsidized trainee? It suggests to me—and I know no kinder way to say this—that some employers out there are being permitted to rip off the system by churning through the system subsidized wage people for these low skill, no future, dead end kind of positions that indeed by their very nature have no training involved in them—except to the extent that I'm one of the people that used to argue that at the very least in a Job Corps center, you get people to understand that they have to get up and go to work at a certain time.

They have to be dependable on showing up when they are supposed to. That kind of training they might get out of this. Now I haven't had a chance to get into what happens when you try to go above this level with the OJT, but I pictured OJT training when we were writing it as being like other OJT experiences we had where there are entry level jobs.

If you go back to the way the mass production industries like automobiles used to be, you could take virtually anybody and if you had them long enough on the line working with other people, you could turn them into an automobile assembler and they had a chance to move into a pretty good job.

When you talk about using OJT for automatic auto washes and parking lot attendants and training dishwashers, it seems to me that we really aren't getting anything by training people for those jobs to begin with and sort of gets me back into the argument we'll be in with you later this year on the training wage and the minimum wage bill.

There's no training involved. There's the use of low cost labor. Do you have in mind any strategy for how the Labor Department could develop from what you already have? You already have standards of how long it ought to take for low skilled jobs, for training in low skilled jobs.

These are being exceeded. Have you looked at in considering your legislations some way in which there could be guidance to the local JTPA program; that they should not exceed these limits; that there ought to be some place at which you presume after maybe five weeks that a person is a trained dishwasher instead of 14?

Then at the same time, how do we know if we're going to waste our time—and I think it's a waste of time largely to be training people for this level of employment for a long period of time when there's no place to go from that employment.

The most productive thing you can do in an automatic car wash is become a dope dealer or a numbers runner. It's common practice out there because you're never going to make enough money washing cars to buy a car of your own.

You've got to have something on the side. It seems to me that this is not a socially desirable sort of a position to put somebody in, telling him we've got a government program that's going to line him up for a rosy future. Do you have some thoughts on that?

Secretary DOLE. I think what you're saying sort of goes to the heart of our recommendations because what we're trying to do with the amendments that we presented to you is to help young people to break the cycle of unemployment and poverty and obtain job skills, basic skills that will provide a lifetime of productive work.

In other words, not just training for a specific job but the kinds of skills, such as literacy, remedial education, basic skills, that will equip them for a lifetime of productive work. If we don't do that, I don't know how we're going to break this cycle and really equip them with what they need to move forward.

So the thrust is not so much just training for a job as the basic kinds of skills that they'll need, and also trying to close the motivation gap I mentioned.

It's a total support system. I think we have to begin with what is included in both the Chairman's legislation and ours and that's assessment, individual assessment. This would be required so that each young person is assessed very carefully for his or her particular needs. Then we go to a specific service plan which would lay out the kinds of things that are going to be needed.

We would require that there be the services to meet those specific needs and concerns of that young person. So it's a total support system. That would include, as I say, the basic skills training, literacy, remediation, as well as the job training, job placement, job search and counseling and support services, such as child care, and transportation.

So it's a total support system. I think that the linkage that we're trying to provide here is key. What we're trying to do is build into this program in every conceivable way cooperation between education, Labor Department programs, the JOBS program of the Family Support Act, and housing or health services in some instances.

We're providing for linkages in a number of ways. One, just to use an example, would be at the state level to try to encourage Governors to utilize resources other than just the JTPA. We leverage resources from education, from the JOBS program, from welfare agencies and put together a total, human resource development package for whatever the goal is that they define. It would have to be a goal with measurable, definable elements to it.

So I think that sort of thing is going to be key whether it's at the state level or through our grants at the local level which also encourage linkages. We are basically doing everything we can other than putting people in a room and locking the door and saying coordinate and cooperate to bring down the bureaucratic barriers and make coordination, cooperation, and collaboration operational realities.

That's what these amendments are about. It's aimed at that young person, specifically assessing what they need and having a service strategy and the resources to carry out that service strategy.

The oversight would be through the Federal Government. Regarding the specific on-the-job training issue, the duration of OJT would be whatever is called for in the participant's service strategy. OJT could be no longer than six months duration in any event.

Mr. MARTINEZ. Would the gentleman yield on that point of the job training?

Mr. FORD. Yes.

Mr. MARTINEZ. I speak from experience. I was a dishwasher, Clifton's Cafeteria. It took me exactly 15 minutes to figure out how to wash dishes. I probably knew when I went in there, but for them to show me where the soap was, where the pan was, where the dishwater was, maybe the orientation, that doesn't take any more than an hour.

Are you aware that in the bill that is being introduced by our Chairman, in Section 8 there is a section of that law that indicates that you, the Secretary, would have the authority to develop regulations—would limit the time on any on-the-job training that—let me read it—"no funds made available under this Act shall be used to support a participant in an on-the-job position for a duration that exceeds"—and that's the key—"that exceeds the period a participant is required to be trained to fill that position."

In other words, a dishwasher, if I were the Secretary of Labor, I would say, "I'll give you a day. That's the extent of your on-the-job training" and subsidy to that job, to that employer.

What my question is, are you in sympathy with giving the Secretary the ability to determine what periods of time it requires for a particular kind of job?

Secretary DOLE. I think it varies with regard to the individual and not just the job. In other words, it's very rigid to require the duration to be deceided by the Secretary of Labor. It would mean that I would have to decide the appropriate period for Nick and for Eric.

I really think it's too inflexible to have me making those kinds of determinations. Let me just say that I don't believe the job training would be just learning to wash dishes. I think there are some very important skills and habits that have to be developed.

I had to learn them for my first job and a lot of others will have the same experience. It's basically how to relate to the others that you're working with. It's follow through.

It's being at work on time everyday, not coming when you feel like it but being there every day. It's basic, good work habits that carry us through a lifetime. I can think of my first job, which was in a jewelry store. I was not aggressive at all at selling. I mean, if somebody walked up to me and said I want to buy this, I knew how to ring it up and how to give them the change, but I just stood there. I mean, I had a two week Christmas job and I think the blouse that the employer gave me was worth a lot more than what I sold for him because I didn't know how to be aggressive in selling. It took me some time to understand how to do that. I do think there's more than just that specific job. There are the good work habits and intrinsic skills that have to be learned.

I think it would be too prescriptive for the Secretary to be trying to set those kinds of standards. It depends on the young person and what their needs are. We would say no more than six months and it should be tailored to whatever their assessment indicates and the contents of their specific service strategy.

Mr. MARTINEZ. Madam Secretary, I would agree with you that there is a certain work ethic that has to be learned by almost anybody on a first time job. If you're not on a first time job, you've learned that work ethic someplace else and all you need is a job, and the employer says, I'm going to train you to wash dishes for six months, do you really believe that's reasonable?

Wouldn't it be better that you in your wisdom—because I think you're very capable—to determine that, in this particular instance, in this particular kind of a job, even including the work ethic that you speak of, teaching a person to be on time and how important that is and all of that, wouldn't you think that it's unreasonable really to expect that it's really going to take to train a dishwasher six months?

Secretary DOLE. This is not just wide open. It would be based on certain standards. We can explore that in more detail if you like, but there would be standards involved certainly.

Mr. FORD. There's one quick way that we could focus on this. If you ask your Inspector General to tell you and then us. Just taking these three that we picked out as no skill, if you will, categories, jobs, the kind that we see out there in the economy that are churned over, whoever shows up each day gets hired. If they don't see them again for another two weeks, they'll hire them if they need an automobile washing rack attendant that day. Those three categories, the car washers, the parking lot attendants, and the dishwashers—that's before we get to janitors.

Janitors are a step up from that because you might have to work a vacuum cleaner. Can you find out what the employment rate of the people who participate 510 hours—how many of the people who participate for 510 hours as a 50 percent subsidized worker in OJT in a car wash end up with a job in that car wash?

How many of them are replaced by another OJT 50 percent subsidized worker at the end of their 510 hours? A quick look at those numbers might tell us rather quickly whether that's in fact what they're doing.

That would be a signal, it seems to me, for your people to say to the local JTPA "you better clean this up." I support the approach of the gentleman from California.

I was furious last fall when I saw these numbers. I said, "Let's put in a statute, by God, that we'll presume that after two weeks there's no more learning in that dishwashing job."

Then we thought about it. Look, if the Labor Department is operating as the Labor Department has many times in the past, and I think is operating now, we would rather have you write regulations based on what you've learned over there about each of these categories and adjust them from time to time if they create problems and even adjust them in parts of the country where they may create problems.

If we legislate this kind of limitation and if we start arguing about your six months requirement and say well, no, if it's not going to be more job specific, then let's give them 60 days, we'll be back in the same argument we're in on this subminimum wage.

What's the difference between six months and two months? I guess we're a little bit less pregnant at two months than six months from my point of view and we're a little bit better off at six months than two months by the administration's point of view.

It's been a silly argument from the very beginning. Nobody's talking about training anybody.

Mr. SMITH. Will the gentleman yield?

Mr. FORD. We don't want this to get back into that sort of thing. I think that Gus's approach is better than yours only from the standpoint that he trusts the Department to make regulations from time to time rather than picking a six month period.

Mr. SMITH. Does the gentleman yield?

Mr. FORD. Who is it?

Mr. SMITH. I think we were both trying to get your attention here.

Mr. FORD. I'm sorry. I go to the Republican side.

Mr. SMITH. If we did the study that you're suggesting or asked the IG to do it, I would hope that there would be another question, Mr. Chairman, which would simply be, it's not simply whether they replace the OJT people, but what happens to the people who are replaced?

What you're really trying to figure out is the success of this or any related program and starting people on a path of productivity, employment, confidence, hope, optimism, education and so on.

So it is—I think we've got to get that kind of longitudinal tracking information. It isn't enough to just ask whether they come and then go; what really matters is what they go to.

What you, I think, are really after is if they go back to the street and back to nothing, then, in fact, we are failing and wasting money and wasting goodwill. If they move on to other kinds of jobs that are better, then, in fact, we've got at least a better story than we might have had otherwise.

I would also like to associate myself just with a point you're raising. Madam Secretary, as I hear you, I think you're talking about trying to, at the regulatory level, create what I would call community-based responses to people problems.

The cycle that you describe of assessment, planning—and if I could add—implementation and then evaluation is a cycle of learning and a cycle of teaching. It is as reasonable with Social Studies or English or Chemistry, as it is with personal development, as it is with job skill, job holding or human development.

The evaluation leads—is, in fact, the next assessment. So if you—my deep concern, which as I infer, is really what a number of us are saying, is that you allow in your regulatory structure the flexibility with the direction to encourage the people who are working with these young men and women but also I think some more senior or elder members of our society and other parts of the program to be educators——

Secretary DOLE. Yes.

Mr. SMITH. [continuing] to look at it as an educational human development approach, not a job program but a person program. The goal is growth and competence and confidence and self-esteem.

Secretary DOLE. Absolutely.

Mr. SMITH. I think that's what you're talking about. Your components are the right ones. The trick is how you empower or give the tools to the states and the communities to build programs that are person-based as opposed to program or bureaucratic or even job-based in my mind anyway. Thank you.

Secretary DOLE. It certainly is based on standards. OJT is clearly our most positive placement tool, the most positive that we have. We want to utilize it wisely based on standards, but it is the total—it's the total development of the individual and the motivation.

The fact that these young people are here today before the United States Congress willing to speak up and tell their story, obviously this has been a productive experience for them. I would have found that very hard to do at their age, I'll tell you.

We want to set the standards but then have that flexibility in the program for the local level to assess and to carry it out based on what the individual needs. That's right.

Mr. SMITH. I would only—I would tell you without being gratuitous to the two men who are with you, you are beautiful. You'll notice in their conversation when they talked, they didn't talk about the job at the center.

They talked about how they are feeling about themselves and the growth and the confidence and the respect and the dignity and the strength they feel today that they may not have felt a year ago or two years ago. That's what it's about. We've got to remember that. A client-based or a person-based orientation is the only way to deliver that. That's what we're talking about; people. Thank you. I yield back.

Secretary DOLE. Thank you.

Mr. FORD. Mr. Poshard.

Mr. POSHARD. Thank you, Mr. Chairman. My point was along the same lines that Peter has been addressing. Madam Secretary, I'd like to, just for my own clarification, go back to the Chairman's point again because I think your concern about individual needs assessment is the key here.

Really, what we call in the special education realm the individual education program, the IEP, is what you're formulating here in

the job market. That's commendable. That's very agreeable that you find out where a person is, what needs to be remediated.

You intervene with your people and the employer along with the student and you remediate in training and hopefully produce the kinds of career oriented skills that people need to go on and do better with their lives.

The point where that breaks down in my judgement, which you have the power to correct, is simply the point that the Chairman is talking about. Employers are in the business to maximize profit.

They're going to want to be subsidized for any worker as long as they possibly can. If you're truly going to make an individualized assessment program to fit the skills for that student and to remediate on a time frame where that student can progress the higher skills, then you have to decide in that remediation process along with the employer that if this is going to be individualized, it's only going to take as long as that person needs to learn the job.

Now you're saying six months, as I understand it, as an outer limit.

Secretary DOLE. That's right.

Mr. POSHARD. But the program may very well say according to our assessment of this individual, if he's parking cars or a dishwasher or whatever, we may be giving, according to our assessment, that employer four weeks. Is that right? Am I understanding this right?

Secretary DOLE. That's right.

Mr. POSHARD. Then I think that's commendable.

Mr. JONES. Let me go back to Mr. Ford's point. We have said that they must make an individual judgment based on the individual's needs and based on a standard, either the Dictionary of Occupational Titles or some other standard. They could establish a higher or lower duration.

We disagree on an arbitrary number. They must justify that period of time, how it is linked back to training, and where the participant is headed.

It's a very important point to continue to make. I would disagree with the concern here on employer. OJT continues to be the most successful placement tool following the job training of anything that we have going.

Usually, our problem has been getting employers to accept more than one, two or three OJTs at a time because they are untrained and they are not necessarily productive workers. We should always guard against the employer abuse, but the issue is more one of the assessment, appropriate limitations and linking OJT to the overall training goal.

Mr. POSHARD. Exactly, and let me reiterate, if I may, that I honestly believe if you folks apply yourselves to the fairness doctrine, so to speak, in implementing this program, it can work.

I don't think we need arbitrary limits on an individual job skill, but I do think that you have to follow up directly with that employer in kind of a remediation setting and determine for each particular individual what the limitations will be.

Within that framework, I think this is an improvement on the program, a substantial improvement.

Secretary DOLE. Yes, indeed.

Mr. FORD. Did I understand you, Bob, to say that OJT was one of the most successful placements after training?

Mr. JONES. Yes, sir.

Secretary DOLE. Yes.

Mr. FORD. Then you are satisfied to regard putting somebody in on-the-job training as a placement?

Mr. JONES. Absolutely.

Mr. FORD. No wonder the scores look so good. That was one of the mistakes we made when we wrote this bill. We succumbed to this idea that the way you could tell a program was a success is how many people go through the program you place.

Now if you regard somebody who goes through some kind of training and then gets put in a car wash for $500 as having been placed and then doesn't get a job after that——

Mr. JONES. No, sir, that's not what we said.

Mr. FORD. What did you mean when you said——

Mr. JONES. We said placement following the OJT period.

Mr. FORD. Oh, following the OJT.

Mr. JONES. Absolutely.

Mr. FORD. All right. I thought you were saying that the OJT was a placement.

Mr. JONES. No, sir, we do not count OJT as a placement. It's placement following that. The history——

Mr. FORD. That's why we ought to look. I suspect—my recollection of what the Inspector General said last fall—he's already got the numbers and unfortunately they are spotty because in many places they don't even keep track.

Mr. JONES. Of course, but I think the Inspector General would probably agree with the overall point we're making. The issue is that on the low end in some of those particular kinds of jobs, there have been abuses in OJT far too long without any substance in the training. There's no question about that. That's precisely what we're addressing.

Mr. FORD. For example, if a person opens a new business in town, a small town, and let's say it's a big farm supply and hardware and so on and they're going to need about four or five people besides one of their supervisory people to take care of the warehouse so people walk out with an invoice and they go load it on their truck.

They say to the local PIC, "We're going to need about four or five people. If you give us four or five people on OJT, we'll have our supervisor spend a lot of time and train them to do this on the job."

Now that is what I think of as OJT because they're asking to get people that they can train with the end result in mind that they may be able to get some good employees out of that school.

If you look at the record and you see that restaurant A that's been in town for a long time trains one batch of dishwashers and then replaces with another batch of dishwashers and another batch of dishwashers, it suggests to me that instead of having an employer—what the employer is becoming is a user of OJT help.

Mr. JONES. Of course. That's right. That's an abuse and shouldn't be tolerated.

Mr. FORD. There's sufficient enough of it out there so that people are aware of it and they're laughing at us in the program and they think that we're stupid because we're not doing anything about it.

I thought so much about it that I asked the GAO to look at my own PIC and didn't tell them about it until after I'd requested the audit and I was pleased to see that most of the abuses didn't occur, but some did and they've cleaned them up.

This isn't because people are venal out there. If this is the way the game is played, we'll play it is what they say. Sometimes we have to make some rules so that they know that we don't want to play it the way it is now.

Mr. MARTINEZ. Mr. Chairman?

Mr. FORD. Mr. Martinez?

Mr. MARTINEZ. I have some questions. I have to leave because I've got an appointment with some constituents in my office who have been waiting for about a half an hour and I don't want to keep them waiting any longer.

I have some questions I would like to submit in writing to you, Ms. Secretary. Would you please——

Secretary DOLE. I'd be happy to.

Mr. MARTINEZ. Thank you very much.

[Secretary Dole's response submitted for the record follows:]

QUESTION 1:

I want to commend you for including a separate youth program in your Job Training Partnership Act (JTPA) legislation. At the same time, I am concerned about another important group. As you know, the number of Older Americans in the workplace will grow substantially by the year 2000. Why then does your legislation -- H.R. 2803 -- propose to end the three percent JTPA Older Worker programs?

ANSWER:

We believe that older individuals would be better served and gain greater access to JTPA services without a separate State set-aside program. The same conclusion has been reached by others who have studied this issue, including the JTPA Advisory Committee and the National Governors Association. The existence of a State set-aside tends to reduce services to the targeted group at the local level and may establish a "ceiling" rather than a "floor" for serving those groups.

The State set-aside also makes coordination of programs for older individuals with other programs more difficult and thereby tends to limit rather than expand the range of activities and services available to such workers. We believe integrating older workers into the local program would enhance opportunities for developing the combination of local programs that would provide the greatest benefit to such workers.

In addition, we do not believe it is appropriate for the Federal Government to mandate a specific, uniform State set-aside for particular groups since the number of individuals in such groups and the problems facing these groups may vary widely from one area to another. We believe that services to special target groups are best provided through the local delivery system, which is in the best position to establish service priorities.

QUESTION 2:

Audits by the General Accounting Office (GAO) and the Department of Labor's Inspector General have revealed that a few JTPA providers use loopholes in the Act to make extraordinary profits without adequately training participants by failing to return program income to JTPA training activities or into specific program cost categories. I would like to know how we are supposed to improve our accountability over JTPA program income?

ANSWER:

Over the past several years, the Department has moved to address this issue, which arises principally from the misuse of fixed unit price, performance-based contracts. On March 13, 1989, the Department published in the Federal Register a final interpretation which states that income generated under JTPA programs by public and private nonprofit agencies must be used for JTPA-authorized activities. The Department has incorporated this requirement, as well as a definition of program income, into its proposed JTPA Amendments. In addition, and most importantly, the Department has provided in its proposed amendments to JTPA that, with limited exceptions, all costs incurred under any form of contracting by JTPA programs must be charged against an allowable cost category. This provision would enhance program accountability and ensure adherence to established cost limitations.

QUESTION 3:

The JTPA Advisory Committee found that federal administrative barriers have sometimes blocked states from creating coordinated employment and training programs. What administrative changes will you make to ensure that the Department of Labor encourages coordination and linkage between employment and training programs, including coordination between JTPA Older Worker programs and Title V of the Older Americans Act and coordination between JTPA youth programs and Job Corps?

ANSWER:

For many years the Department has sought ways to encourage coordination and linkages between employment and training programs as a means of enhancing the services offered under a single program, and to avoid unnecessary duplication of effort. For example, older workers receiving training under JTPA may be concurrently enrolled in a work experience program under Title V, thereby increasing the likelihood of completing training and

being successfully placed in a job. Current administrative efforts to foster increased coordination at the State and local level involve a greater emphasis on demonstration of coordination in JTPA planning guidance and review. The Governor's Coordination and Special Services Plan must lay out State policy and guide local program development in areas such as coordination between JTPA youth programs and Job Corps. The Department is also considering issuing a technical assistance guide on coordination.

Building on the recommendations of the JTPA Advisory Committee, the Department's proposal to amend JTPA includes numerous features to improve coordination between employment and training programs, including a new State Linkage and Coordination Program, mandated linkages and agreements at the State and local level, and a new State Human Resource Investment Council to provide a central forum at the State level for coordinating human resource development programs. In its second phase, the Advisory Committee looked specifically at the issue of human resource program coordination, and the Department will be considering the Committee's recommendations on this subject when their second phase report is submitted next month.

QUESTION 4:

The GAO has repeatedly said that more data is needed to permit analysis of program outcomes especially long-term retention. I understand your legislation is silent on this issue. Why?

ANSWER:

GAO's concern stemmed from the original reporting requirements for JTPA, approved by the Office of Management and Budget, which did not include postprogram data collection. In Program Year (PY) 1986 we expanded the data collected to include information on employment status and earnings at 13 weeks following participation in the program. The decision to collect data at 13 weeks rather than after a longer interval was based on research which found dramatically increased costs and decreased success in locating participants 6 months after program termination. Starting in PY 1987 analysis of the 13 week post-program data was possible and this was used to establish performance standards for long-term retention and earnings, which became effective in PY 1988.

The Department and the National Commission for Employment Policy are currently co-funding a project that is examining the costs and utility of using unemployment insurance data as a supplementary source of information on longer-term job retention for purposes of program evaluation.

Mr. FORD. Mr. Fawell?

Mr. FAWELL. Thank you, Mr. Chairman. All I wanted to say is Madame Secretary, I can't quarrel with one word that you have uttered. With all due respect to your testimony, which was very good—I think the statement of the two young gentlemen was just tremendous.

Nick had said that as he grew older he hoped that he might be able to help others. This comment and other comments that have been made really point out that we're talking about a total education and human development program.

Madame Secretary, you said that you have a strong feeling of dedication. If you can transport that feeling to the people who are working with you and those in the states, that and that alone will go far toward making this a success or not.

A program on paper by itself is nothing until you have that kind of a feeling transported throughout this country. So I can only say that I wish you the very, very best.

I think we have something like 66 percent of all adults now employed, which is an all—time record. Therefore, the huge number of young people who are not employed makes that more of a challenge than ever. In this day and age, I imagine there are a whole bunch of youmg people out there counted among the unemployed who wouldn't take a job if you offered it to them.

On the other hand, we will never have concrete statistics that tell us how many people really want a job and are seeking it and so forth. So you have such a fantastic challenge and responsibility.

Secretary DOLE. I know. Trying to address the motivation gap is a very important part of this, no question about it. It's not just a skills gap; it's a motivation gap as well.

I realize how tough this is going to be. I'm not sure we could have chosen anything tougher to undertake because you are really trying to reach the hearts and minds of people. You are trying to change attitudes. You are trying to bring down bureaucratic barriers.

We know how very difficult it is to get government departments working together instead of having all the overlap and the duplication. Yet, I'm convinced we won't make any significant progress here unless we achieve that very tough goal at the Federal level, the state level, the local level.

That's why all these coordination incentives are built into these amendments. It's not the sexy work. It's not the kind of thing and I think some people will wonder what's she working on over there because there's not going to be a lot written about this.

It's the tough, darn hard work that has to be done if we're going to get anywhere with what I think is a very worthy goal of changing young lives from negative behavior to a lifetime of productive work, trying to impact these social problems and helping to prepare workers who are going to be needed for our employers across the country.

It's such a great chance, really, to fulfill a dream that everyone who wants a job can have a job. What higher goal could we have. It is possible and it's feasible. I do feel passionately about this.

I feel a real sense of mission, but I also realize how tough it's going to be and I need all the help I can get.

Mr. FAWELL. You will need the missionary zeal. To the degree that you can inculcate that into others, that's tremendous. The program aims at imparting life skills, in addition to job training. It covers it all from A to Z.

I might just add in closing that I, too, washed dishes. It was in an airplane factory, although it was an automatic dishwasher and so forth. You know, the one thing I can remember about the job: it really opened my eyes.

It was one of the first jobs I had. I saw people doing other things and they were successful. It was a total learning experience for me, this dumb teenage kid. That's how we all learn.

I want to say it was not a "dead end." A friend of mine who is a very successful restaurateur, his first job was washing dishes. He caught on and he watched others and learned and he gradually moved up.

It's wrong to say any job is a dead end because even as a car attendant, you see people and all the things that are happening. If you're looking at life and feeling it, you'll grow.

Secretary DOLE. You know, I appreciate what you said about the two young men who are with me, my friends here today. My view is that I can go out and talk about this and I'll do it with as much fervor as I possibly can, but the people who can really make it happen, who can reach those who can give additional resources, who can help us turn the business community really onto this—they have a vested interest in this—are the young people.

If they will go with me as we do various things around the country, I think they are the ones who can make a really compelling case of what has to happen far better than I can. So I really look forward to working with them all across America as we try to get as much support as we can for this program.

Mr. FAWELL. Well, the best of luck.

Mr. FORD. Mr. Sawyer?

Mr. SAWYER. Thank you, Mr. Chairman. I have to agree with so much of what you've said. It's particularly compelling, Madam Secretary, in light of the changing character of the work force itself.

The jobs that are available, the so-called old jobs where a man, usually in the past, could go to work with a good attitude and a strong back and earn a decent living are declining rapidly.

Today, by some assessments as many as 50 percent of the entry level jobs in this country require some measure of postsecondary training; by the end of the century, perhaps as many as 80 percent.

It may well be that in order to prepare someone whose first rung on the employment ladder is a dishwasher may require at least 500 hours and perhaps more to impart the real skills, not just the job skills, but the real employability skills in that work place where postsecondary training may be required.

So I think that there is enormous importance in the emphasis that you place on measuring the needs of the child, the student, the worker in the face of the demands of the work place itself.

That takes me to the standards that you use, both, I suppose, for accountability and the way in which we measure the needs of that particular worker. In the bill you gauge eligibility for those who are basically skills deficient based on reading and computing skills

at the 8th grade level, using generally accepted standard tests or equivalence score on a criterion reference test.

What concerns me at this point, and it's the reason I opened up with what I did, is that so often what you measure is what you get. It seems to me, that in terms of the remarkable skills that you've shown us here today in the examples of the two young men you've brought, that we may not be measuring enough.

We may not be measuring in fact some of the communication skills, the verbal and written communication skills, the problem solving skills, those higher level abilities that enable that worker of 1985 to move from a work place where he or she may be doing his dealing with washing dishes into that entry level environment that may require postsecondary training.

Secretary DOLE. That is what the assessment is designed to do, exactly what you're talking about. So the 8th grade is sort of a cut in terms of the academic aspect. Bob may want to go into this in more detail, but the assessment is key here.

We do expect that each young person will be looked at very carefully, just as you have described, in the assessment and a service strategy will be laid out to meet that person's needs.

Mr. SAWYER. If in considering this legislation, and the bill that that the Chairman has introduced, if we were to look very specifically at that sort of thing and to give some real attention to those things that we choose to measure, would that be the sort of improvement in the bill, in counsel with——

Mr. JONES. Yes, sir. The only thing one has to be careful of is when you get into assessment of these other skills is whether the school systems, which are frequently the best expert basis for some of those kinds of things, have the varieties of tools.

The definitions and the standards get very strange. Pointing at them, naming them is probably a good idea, but you probably want to stay away from structures and numbers. We haven't even identified the precise assessment tool because there's a number of very good ones out there.

They're designed to measure the things that you're speaking of. The 8th grade is simply a cutoff on the academic side that says people below that level clearly——

Mr. SAWYER. So that, in fact, if we were to look more directly at work place context measurements as opposed to necessarily the sort of thing that would be appropriate for a 14 year old in a classroom setting, that might be the sort of thing that you'd be looking toward as well in assessing the needs of a worker in a JTPA program.

Mr. JONES. I think that—again, I'm not sure what the definition of that would be, but clearly——

Mr. SAWYER. I'm not sure what the definition of general accepted standardized test or criterion reference test means as well. It seems to me that both of us have the same concern.

Mr. JONES. Right. That's correct. Certainly, some of these issues—measurements in a work place context or communication skills—are absolutely what we're talking about. There's no question about that.

Mr. SAWYER. Very good. Thank you very much.

Mr. FORD. Bob, have you seen this yet? It's the GAO Job Training Partnership Act Services outcomes of participants with different needs, dated June?

Mr. JONES. Yes, sir.

Mr. FORD. I would like you to take a look at the section they have here on this question of on the job training.

Mr. JONES. Yes. sir.

Mr. FORD. I wouldn't like to have it get lost in this record because of my focusing on what might be abusive by some employers of the OJT program; that that's really the important consideration.

The conclusion that GAO makes in examining these low skill, no skill jobs was that we were putting an awful lot of people into that kind of a training experience and that there was little evidence that they got a good job or even a passable job as a result of it.

The recommendation was not that you take—they didn't want to do what I want to do necessarily—but their recommendation was that we really ought to lift our sights a little bit and train people up a little higher before we turn then loose than we're doing.

Mr. JONES. Absolutely.

Mr. FORD. Try to get them into—they have one chart, for example, where they use these various low skilled jobs. It's interesting to note—the dishwasher has been beat to death today, but the range of training hours for a dishwasher is kind of interesting.

On the low end it takes 160 hours to train a dishwasher. On the high end it take 1,040 hours to train a dishwasher. If both of those dishwasher trainers are in the same town, somebody ought to wonder why it takes 1,000 hours at A's place and only 160 at B's place.

That's part of the problem. Then when you look at what they've got, cashier, custodian, food service worker, dishwasher, farm worker and housekeeper, only half of those do you quickly look at any possibility of a permanent job.

The other half you see training for something useless—except for being able to say later if you are a successful lawyer from North Carolina—I started my career as a dishwasher—that's good for us politicians.

All of us sold newspapers at one time too. I don't know if they still run for office that way, but when I first started, I had to make sure that everybody knew that I was once a paperboy.

We are the lucky ones who did not end up trying to use those skills to make a living. The fact that we benefited from having that experience is, in my mind, irrelevant. The question is, what if it's somebody who isn't as lucky as a member of these committees. Where does a dishwashing job take them?

I served as an enlisted man in the Navy. I'm sure happy that I didn't spend my whole career as an enlisted man in the Navy, but I wouldn't trade that experience for anything nor would I suggest that every enlisted man in the Navy should expect to be set up for life with a college education and a profession of law and now 25 years in the Congress.

These are life experiences that are nice to talk about, but they shouldn't be training goals for us. I think that's what GAO is trying to get our attention with.

Mr. Gunderson?

Mr. GUNDERSON. Thank you, Mr. Chairman. I wasn't sure this time was ever going to come.

Mr. FORD. We got to you three times while you were gone.

Mr. GUNDERSON. Madam Secretary, I wanted to thank you and compliment you for a good testimony, but I wanted to tell you these two young gentlemen, I think, were terrific.

Secretary DOLE. Yes, indeed.

Mr. GUNDERSON. You both need to be highly commended for what you said. I mean that very sincerely. I would like both of you, if you briefly can, to relate to us what your employment side of job training is.

I'm familiar, I think, with the education side. Can you give us a little bit of the job training side of what your experience has been? What kind of work have you had, what type of training?

Mr. CARROLL. I work for a company "Bear Semiconductor" from Independence. It's just starting out. They gave me, I think it was, 100 hours that they gave me to be trained for the job.

Now they're just—the company is just starting out so it's like I'm doing like maintenance work and construction so I may be getting the training for like building semiconductors but I'm getting like construction and stuff.

So if I happen to like need something to fall back on ever, I could go into construction work or something. I don't know.

Mr. GUNDERSON. That's exactly the kind of thing that I wanted. Eric?

Mr. ALLEN. Me, what I do at work is I file papers. I xerox papers for the employees there, you know, when they need it in a rush. They come to me and I take it down to the basement so it can get xeroxed for them and pick it up and return it to them the same way they gave it to me.

I go to school, you know. I work part of the time and then I go to school to learn more about education where I can build myself up to get out there in the bigger world where I can have more skills to go on in the future and help other people.

The JTPA program, you know, is very good to me and everything and the people who I work with and everything. They take time out to help me, to show me the stuff they do and everything.

I thank them for that. I can know more when I get out there. I can show, you know, younger people or older people, you know, what I learned through the JTPA program.

Mr. GUNDERSON. It was not my intent, but I think that both of your responses indicate that there is a lot more than parking attendants and dishwashers in terms of training and job training when we are talking about a file clerk and a semiconductor. I think that speaks well of the program.

Secretary DOLE. If I could just mention that Eric yesterday, when he came to the Department of Labor, I noticed that he was visiting with people at each of the desks asking them what they do and having a good visit with them. So I think he may have set his sights on some of those kinds of jobs; right?

Mr. ALLEN. Yes.

Mr. GUNDERSON. Eric, there are some days we wonder what they do at those desks, too, so you ought to share that with us.

[Laughter.]

Madam Secretary, you've integrated in your proposal the summer youth program into the year round youth program. Can you give us some insight as to why you've chosen to do that? There's one of the differences between you and the Chairman's particular legislation.

Secretary DOLE. Right. We feel the emphasis, of course, before we go to targeting those who are least skilled and most disadvantaged, should be to provide in-depth training and assistance. The summer job program, in itself, that's a good thing, but in terms of preparing a participant for a lifetime of productive work, we feel that it should be offered only if there is more in-depth, year round training going on.

Summer employment is a worthy component of that. As a stand-alone activity, we don't feel that it has the kind of long term impact on a lifetime of productive work and development of basic skills that we're trying to build into the program.

So we would say, if the young person is in a year round in-depth program, fine, have the summer component. If they're going back into school in the fall, then the summer program is fine, but not just that element alone with no other more in-depth schooling or training.

We're trying to make it as efficient as possible to make these dollars count as effectively as we can.

Mr. GUNDERSON. I think also in your adult program, you require two course services, again the education and the basic skills. I guess, this is going to be mandated for everyone?

Secretary DOLE. Yes.

Mr. GUNDERSON. Do you want to enlighten the rational? I think Bob does if you don't.

Mr. JONES. The services, Mr. Gunderson, are required to be available for everyone. Whether they need them both is based again on the assessment. Obviously, the mix may vary depending on the assessment.

Because we know that a majority of people coming in the program need some mix of those two services, they are mandated.

Mr. GUNDERSON. Let's talk assessment then. Do you anticipate—you mandate assessment for everyone.

Mr. JONES. Yes.

Mr. GUNDERSON. Do you structurally mandate certain elements within that assessment or is this totally at the discretion of the local service delivery area?

Mr. JONES. At the moment, the structure of the assessment is within the discretion of the SDA to be worked out with the school system and other folks who are the experts in the assessment tools.

Again, as I indicated, because the great variety of tools and standards, I think, it's difficult to legislate that at the moment.

Secretary DOLE. This is where we're dependent on the school system, certainly. In fact, I think a compact with education stamped all over this proposal in that we would be looking to the schools both with regard to the in-school students and those who have dropped out, helping with the determination of the assessment tools and what should be involved.

Mr. GUNDERSON. It's almost like you're anticipating my next questions because if there's one complaint I've received about the

job training youth programs back home it's been the lack of coordination and integration with the local education agency, not the state, but that local school.

You're going to, I understand, try to reverse that as a part of this?

Secretary DOLE. Yes.

Mr. GUNDERSON. What kind of agreement will be signed?

Secretary DOLE. Well, to provide the kind of assessment that I was just describing. In other words, the agreement very much dependends on what the educational system would provide in the way of assistance, both with the in-school and the out-of-school students.

Mr. GUNDERSON. Who decides that? Who will decide what they have to offer? Will that be the local—I'm not quite sure of who's the dog wagging the tail, so to speak. Is it the local PIC council, the local SDA. Is it the local education agency? Who really becomes the lead focus in the youth program?

Mr. JONES. The agreement here is that the local PIC and the SDA, however they designate it, and the school system have to have an agreement. That agreement has to contain a variety of things. As Ms. Dole has pointed out, the assessment criteria, how they will determine referral of the in-school eligible kids, what kinds of service they're going to get, who's going to deliver those services. It could be in the school. It could be out of the school with JTPA.

It's an equal footing. There's not a lead in that respect. That's purposely done. You can't turn it completely over to one or the other. It says it's time to make those decisions jointly and to use the resources in a joint way.

That may be very different in rural Wisconsin than it is in downtown New York City. So we let them make those decisions, but they have to be joint.

Mr. GUNDERSON. One final question. Is there any change in the authorization levels?

Mr. JONES. Yes.

Secretary DOLE. Twenty-five million in 1990 and then fifty for the next four years on the youth grants. Of course, we're looking right now at the 1991 budget cycle, and we are just beginning with that part of our preparation. Of course, this is something we will look at very carefully.

Mr. GUNDERSON. Thank you. Mr. Chairman, I also have been asked to ask unanimous consent that Mr. Goodling might insert his statement in the record.

Chairman HAWKINS. Without objection, so ordered.

Mr. GUNDERSON. Thank you.

[The prepared statement of Hon. William F. Goodling follows:]

THE HON. WILLIAM F. GOODLING
OPENING REMARKS
JTPA HEARING
JUNE 29, 1989

Mr. Chairman. I welcome this opportunity to hear from the Secretary of Labor regarding the amendments that the Department of Labor is proposing to JTPA. JTPA has successfully changed the world of employment and training since its inception in 1982, and we are now looking to fine tune it in response to some concerns that have been raised. We are not looking to a wholesale rewriting of the law -- just to build on its strengths and improve the services that we are providing to many disadvantaged individuals.

I know that the proposal the Department is bringing to us today reflects the concerns that have been raised by the experts in the employment and training field. The provisions contained in the proposal address these issues and need to be considered in any discussion that this Committee has regarding JTPA amendments.

I, along with my colleague Mr. Gunderson, ~~will be introducing~~ hope to introduce the Department's proposal as soon as possible -- perhaps even today. I look forward to working with the Secretary and the Chairman to put together a reasonable package of amendments that we can take to the House floor as a bipartisan proposal and continue the partnerships that have been forged regarding employment and training issues.

I also welcome the JTPA participants that the Secretary has brought with her and look forward to their personal accounts of their experiences in the program.

Finally, I appreciate the GAO willingness to comment on the Chairman's bill and hope that their assistance will continue throughout this process so that we can benefit from their knowledge of the employment and training field and the inner workings of JTPA.

Thank you.

Chairman HAWKINS. I understand, Mrs. Lowey, you have not had an opportunity to ask questions. You may proceed.

Mrs. LOWEY. Thank you, Mr. Chairman. It's a delight to see you once again, Madam Secretary and the other witnesses. This program, as far as I'm concerned, is probably one of the most important programs if we're really going to give people the opportunity to make their own way in our society.

I've worked with it for many, many years. Some aspects of it certainly should be replicated over and over again. I think the most important thing is we all know, and I'm happy to see you stress it, is accountability.

As we know with other programs in our administration, they have to be administered and they have to be administered well. We talk about dishwashing. I think there's been too much talk about dishwashing. I've washed a lot of dishes. I just haven't been paid for it. So maybe that's been the problem.

I've had a different experience with dishes in my lifetime. In all seriousness, though, I think what we really have to do if we're going to use this program well is provide jobs and job training that are really going to give a youngster an opportunity to earn their own way.

It's fine to talk about dishwashing, but we're going to have to be talking about real jobs that pay good wages so they're not going to be getting off the track and getting into the other avenues on the street that we all know are not productive.

So I think it's important if we're going to focus on a strong program, is really to be sure that on the local level, we are giving youngsters the opportunity to learn some real skills to get trained out there so they can earn their own way in our society.

That's accountability. All the fancy regulations that we put forth here in Washington don't mean anything if we don't have competent people on the local level really carrying it out. I was happy to see your focus on the human services because, frankly, if a youngster doesn't have a home and there are drugs all over the community, and if he doesn't have a good education in the first place, he's really fighting a very tough battle out there.

So it's all part of the same problems that we have in our community. It's housing and it's getting drugs out of our community and it's making our schools the best in the Nation. I wish you good luck in this program. I'm pleased to see the commitment.

I wish your outstanding witnesses good luck. Get out there and keep working hard. You'll get the next job along the ladder. I think it's important for government to be sure that we're really providing the training to give them the opportunity and not providing make work.

Are we going to be sure that we follow these youngsters? Where are they going to be a year from now? Where are they going to be two years from now?

We ran a wonderful weatherization program. In some instance, we were lucky to find jobs for these youngsters installing windows or working in window replacement factories. Unless we really assure that these youngsters are getting the jobs and moving into other jobs two years, five years from now, then we're really not doing our job.

So I think we all have the same motivation. Let's be sure we get people on the local level who are really administering it.

Secretary DOLE. Absolutely. I would just add that certainly as we talk about the real and meaningful training, literacy, remedial education, and basic skills are so crucial. There will be heavy emphasis on that so that they're prepared for that lifetime of productive work not just a particular job.

Mrs. LOWEY. Of course, it would be great if we could get additional funds into our elementary schools so that our businesses don't have to be worried about training people to add and subtract and to read.

We can do the job starting with Head Start and get more money into Head Start and get money into our elementary schools so that when we graduate youngsters, they'll be prepared to be trained for jobs that will earn them a decent wage so they can really be productive members of our society.

Secretary DOLE. And we do have commitments in those areas too. In fact, on Head Start, we are asking for funding which would provide for another 95,000 youngsters. That's an excellent program which certainly has proven itself.

We must follow through on the initiatives with the education system. I agree that that's the key.

Ms. LOWEY. Thank you.

Chairman HAWKINS. Mr. Poshard, were you seeking recognition? We yield to you.

Mr. POSHARD. Thank you, Mr. Chairman. Madam Secretary, I just have a few questions. Why do we need to increase the administrative costs and the support services costs for this proposal?

Secretary DOLE. Well, there are several things, but primarily assessment does take some additional funding. That's something that has been added to support services. I think that's the key aspect of it.

Also, there has been in the training area some, what I call, hidden administrative costs. We want to make this absolutely explicit. What goes to training? What goes to support services? What goes to administration?

So we're trying to lay that out. The training, obviously, is going to be much more in depth, but you see a bit of a cutback there because we are trying to put it in the right categories.

Then in the support service category, we're looking at certain kinds of individual counseling. Certainly, that's important. We talk about the motivation gap, not just the skills gap but the motivation gap. The counseling, I think, is very important, as well as child care, other services that might be needed to make this a total support system.

So it's an effort to put everything in the proper category. Certainly, assessment is also a major aspect of that.

Mr. POSHARD. Is there some way that you could provide the committee with some specific breakdown in terms of those administrative costs?

Secretary DOLE. Absolutely.

Mr. POSHARD. I'd like to see that because it's a question in this day and time since in almost every program we continue to see increased rises in administrative costs every year.

That takes away from the very valuable training component sometimes, even though I agree, the assessment is probably the most needed training component that we have and it's a part of your plan here.

So I'm not objecting necessarily to the increase, but I would like to know why, in a specific way.

Secretary DOLE. Fine. I'd be happy to do that because we've had that as a major concern, too, to spell it out very directly and carefully. So I'd be happy to provide that.

Mr. POSHARD. Okay. Thank you. A couple of other things. In terms of the performance standards, I note that we talked a considerable amount of time about the measurement in terms of placement in jobs, but I would like to know if there is anything incorporated in the proposal at this point in time that would measure placement in jobs with career potential as opposed to just jobs period?

I would like to see us differentiate between placement in jobs that seemingly may not have any career potential—I mean, we've alluded to parking cars and washing dishes and those sort of things. I don't think people see those jobs, necessarily, as career jobs.

Do we have any data to confirm how many people are placed in jobs that actually have career potential as opposed to so-called dead end jobs?

Mr. JONES. The two surrogates that we've had some interest in to measure that are wage levels and length of time that they stay in the job. For years, we've measured placements on the day the participant leaves the program.

We've been trying to look to see if we can look six months, three months, some period of time later for length of stay in a job which probably has more to do with career potential than necessarily the job that you're going into.

We have not measured as a performance standard item the particular title or structure of the job and tried to judge whether that has upwardly mobile potential.

You recognize that that is a very tough judgment to make. That first job, whether it's dishwashing or anything else, may be the most important issue here.

Mr. POSHARD. Well, that's true, but I think it's important for us to know if in fact the training is leading to career potential jobs as opposed to—and not to negate the importance of the first job in whatever capacity.

Work is worthy. I think we all understand that, but I'd like to think that we're training people for careers. Maybe that's asking a little too much.

Just one other thing that concerns me, targeting the hard to serve. I don't object to that. I think it's needed, but I represent a district of coal mines and small farms.

I think I'm probably one of the highest unemployed congressional districts in the United States right now, my district. In fact, the Time article two months ago, three of the top ten unemployed towns in the country happened to reside in my district.

So we're having trouble. With the new Clean Air Act, we're going to have a lot of miners out of work if that goes through with-

out modifications. The point I'm trying to make is there are 6,000 more people going out of work in the mines in my district.

These are not people with a history of unemployment. They are not people with educational deficiencies or welfare dependency. Are we going to be taking away from the needs of those people who are going to be thrown out of work essentially with this kind of bill when and if it passes?

Are we going to be taking away from their potential for new training opportunities if we start targeting special groups now?

Secretary DOLE. No, we're not. I think that, clearly, here is where the dislocated worker programs come into play. What will be happening in terms of the allocation formula is the funding will be where there are the largest concentrations of economically disadvantaged individuals.

Certainly, the dislocated worker program fits right in here. Let me just say on the Clean Air proposal you mentioned, that I have been very much concerned as we have had discussions about what is going to be needed on an environmental basis, that we be watching to minimize the job loss.

I have continually provided that input in the meetings. If some people do find that they are going to lose their jobs, we're going to help them. We're putting together a package which will be some millions of dollars from our department as well as bringing in funds from economic development and small business and other areas as a package so we can provide assistance to workers who will be disadvantaged because of the environmental needs.

So I'm very much sympathetic to what you're saying. I believe that we have had this covered through other programs as well.

Mr. POSHARD. Madame Secretary, could I ask you to also keep my office appraised of the progress on that package that your putting together?

Secretary DOLE. I certainly will.

Mr. POSHARD. I'm very, very concerned about that.

Secretary DOLE. I think the bulk of the funds will be from my department, but we will draw in funds from other areas as well to try to be as responsive as we can possibly be and also to bring in the local and the state people to work with us on that. So I certainly will keep in touch with you on it.

Mr. POSHARD. Thank you. Thank you, Mr. Chairman.

Chairman HAWKINS. Thank you. Ms. Dole, the GAO report was referenced during today's hearing. I note, with great satisfaction, your response to the GAO report and also the attachments that you included with that report.

I'll certainly recommend to the members of the committee that they read the enclosures that you included in your response to the GAO report because I think you did deal with many of the questions that were asked today.

I was quite educated by some of the enclosures. I assume the proposal that you are having introduced today will be based primarily on those enclosures.

May I just simply ask one or two questions because I understand you do have a time problem? May I, however, invite you to have representation at the field hearings.

I think some of the things I would have asked can be handled at the field hearings. The first one will be in San Francisco on the 7th of July and the second hearing will be held in Los Angeles on July 10th.

Eric, I didn't have an opportunity to hear your comments today, but will invite you to the hearing in Los Angeles on July 10th.

There are two major differences that I note and I won't get heavily involved in them today. One is the summer youth employment program. I think Mr. Gunderson referred to that. We retain the summer youth program. You, I think, proposed to eliminate it.

Secretary DOLE. Not to eliminate, Mr. Chairman, but to provide them in conjunction with more in-depth year round programs or going back to school.

Chairman HAWKINS. Correction noted. We're just anxious to make sure that there is some integration so that when summer comes, the youth that are not in the year round programs are somehow involved in the summer. They won't be told there are no slots for them in the summer program.

Secretary DOLE. You know, it's interesting that this summer there seems to be almost more jobs than youth. I've been working with a number of cities on their summer jobs programs. It's going very well. So we will continue to make that a priority.

Chairman HAWKINS. So that we ensure some accommodation because of that difference. One of the other major differences, and there aren't that many, is the elimination of the 8 percent set aside for education programs.

For a long time, we grappled with that and that provision was inserted in this committee because we found that too many young people were not being given the opportunity of remedial education or even advanced skills.

So that was inserted. Now you probably have made some accommodation for it. We understand that you do ask for 5 percent provided to the Secretary which may may be useful for state linkage and coordination activities.

Mr. JONES. It's a little bit less than the current 8 percent set-aside, but not much.

Chairman HAWKINS. My understanding is that your proposal will include a 5 percent fund to the Secretary which I assume could be used for the same purpose as the 8 percent set aside. I'm not sure, but that's what I'm assuming.

Secretary DOLE. It's designed to enable the Governor to leverage resources from various human resource goals. In other words, it broadens it to bring in yes, education, but also perhaps counselling through the welfare agencies or to bring programs together as a total package.

I think that this will be more effective in providing the whole range of services that a person needs.

Chairman HAWKINS. That would be 8 percent of the total amount appropriated?

Mr. JONES. The way the bill is set up, Mr. Chairman, it's 5 percent and that amount comes out to just a few dollars less than the current 8 percent.

Secretary DOLE. It's just about the same.

Chairman HAWKINS. I'm sorry, 5 percent of the total appropriations would go out in grants to the states?

Mr. JONES. Yes, sir. It's set up on the basis that the amount of funds that would be available to each state, if every state could meet the standards that Ms. Dole has pointed out, would be based on the portion of funds allotted to the state under parts A and B.

Chairman HAWKINS. Was that supposed to replace, in effect, the 8 percent set aside?

Secretary DOLE. That's right.

Mr. JONES. Yes, sir.

Secretary DOLE. And to hopefully provide a more effective system of leveraging funds to incorporate, as I say, sort of a total support.

Mr. JONES. We would also add on the other side, Mr. Chairman, as you just pointed out, the original purpose of the 8 percent was to attempt to ensure the education participation and basic skills.

Now this piece of legislation requires that the school system be involved in an in-school program in delivering precisely those kinds of services. So we're hitting it from both ends for the first time.

Chairman HAWKINS. We will not disagree or fight with you over whether it's done one way or the other as long as we feel that the purpose for which the original 8 percent was supposed to preserve a design would still be protected.

Secretary DOLE. Definitely.

Chairman HAWKINS. I know that you do have a time problem. I apologize for having been called away on an extreme emergency. Other than that, I certainly would not have been running in and out so much.

Again, on behalf of the committee, we wish to thank you for your appearance before the committee. As I indicate, we hope it's a continuing dialogue and that you feel free to take advantage of the field hearings that will be conducted around the country and to have persons present at those field hearings.

Secretary DOLE. Thank you very much, Mr. Chairman. I certainly look forward to working with you and the members of the committee. I hope we can achieve our goals expeditiously. Thank you very much.

Chairman HAWKINS. That, we intend to do that.

Secretary DOLE. Good.

Chairman HAWKINS. Ms. Dole's part of the hearing is concluded. Thank you.

Our next witness is Mr. William J. Gainer, Director of Education and Employment Issues, Human Resources Division of the U.S. General Accounting Office. Mr. Gainer, I know you deserve credit for being patient, but so often we have this problem. We're delighted to have you. I think the members of the committee have been furnished with your report. I'll do the best I can to encourage them to read it. I think it's very helpful to the committee. You responded very well to Mr. Goodling and my request and we appreciate that.

You may proceed.

STATEMENT OF WILLIAM J. GAINER, DIRECTOR OF EDUCATION AND EMPLOYMENT ISSUES, HUMAN RESOURCES DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Mr. GAINER. Thank you, Mr. Chairman. I'd like to introduce the two people who are with me here, first of all. On my right is Tom Medvetz who leads much of our training related work in Washington; and, on my left is Anders Anderson from our Boston Regional Office who led the field work on this job and who has been involved in training programs going back to CETA and before. So they are both very experienced in this area.

My testimony is based in large part on the report which we recently delivered to you. That report is confined primarily to the adult population. I'll have a few points to make later relative to low skilled training.

We had a sample of about 6,000 adult participants who are, we believe, representative of the entire program. It's been two or three years since the data was first collected because we had to wait until the end of a program year but we had a good representative sample.

We think this data is still pretty much representative of what is happening in the program today. I'd like to make one historical reference before we begin. In March '86, we testified in the Senate on JTPA and we said at that time that for this program, we had very little idea of how needy the people were who were being served.

We also didn't know what kind of services they got, nor did we know what happened to them after they completed the program. I think the information that we put together in this study has given you the first insight into that.

I think it was partially as a result of that hearing and interest by your staff that we got started on this job in the first place. I make that point because it is still hard to know what is going on inside the JTPA program.

We were talking just before the hearing that it took something like 1,100 days of effort to put together the data before we even started to analyze this information. Even though the information on this program is better than on some Federal programs, the data that are available don't necessarily tell you what's going on inside the program.

I've put up a chart which summarizes the findings from our report. I'm not going to talk about those unless somebody wants to hear a little more about one of them later on.

[The charts follow:]

GAO Overview of Key Findings

- Little evidence of targeting to the "less job ready"
- School dropouts underserved
- "Less job ready" receive less intensive services
- Quality of placement related to skill level of training
- Duration of low skill OJT excessive

GAO Proposed Targeting Requirements to Hard-to-Serve Adults Already Being Met

- H.R. 2039 requires at least 50% have a specific employment barrier

- JTPA participants with employment barrier

Education deficiency	27%
Welfare dependency	24%
Limited work history	57%
One or more barriers	71%

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GAO Emphasis on "Multiple Employment Barriers" Could Improve Targeting

	JTPA Participants	
	Adults	Out of school youth
Dropout receiving AFDC	8%	11%
Dropout with limited work history	17%	28%
AFDC recipient with limited work history	19%	16%
Total with two or more barriers	31%	36%

I will talk about a few of the provisions of your bill and, to some extent, those in the administration's bill. I'd like to summarize our point of view in this way; any Federal program which is going to be successful has to do three things.

It has to provide services to people who will really benefit from them, that is, people who are in need. It has to provide quality services which are going to make a difference for those people. And, managers have to know what's going on inside that program because if they don't, even the best intentioned program will not perform because they will not know whether or not it is doing what it was supposed to or how to improve it. I would now like to go into the targeting issue.

The next chart summarizes some key statistics which I think are relevant to the provisions of H.R. 2039 which requires that 50 percent of the participants have at least one major employment barrier.

As you can see on the chart, 27 percent of JTPA participants in our sample, and I think today, have a major education deficiency. In this case, we used school dropouts as a proxy.

They are often welfare dependent, 24 percent, and they have limited work history. In the latter case, we're talking about no work during the prior six months and fifty-seven percent of the adult participants fall into this category.

When you take out the double counts in those categories, you see that the barriers listed in the draft legislation are such that 71 percent of the people in the program now would satisfy the targeting requirements of the your bill.

I think what that means is that there's no real reason to think that on average—it would make a difference at some SDAs—but on average, the targeting requirements in the bill might not require much change in behavior for most SDAs.

The next chart gives some insight as to what would happen if you were to take a slightly different approach, using the employment barriers which you've identified in the bill, which I think are important, and which are related very strongly to difficulty in the labor market, but looking at them in terms of multiple barriers.

For example, only 8 percent of the participants in our sample of adult participants in the program were both dropouts and on AFDC. Seventeen percent had a limited work history. Nineteen percent had AFDC dependency and limited work history. So that 31 percent of the current participants were people with two barriers or more. You see similar findings on the chart for out of school youth. I'd like to add some numbers that are not in our statement to give you some idea of the consequences of having various barriers to employment.

In our study, we characterize people as less job ready or more job ready. We did that with a regression analysis based upon their likelihood of future success in the labor market.

Those people that we called more job ready in our sample, using the CPS, had earnings expectations the following year of about $7,800. For those we called less job ready in our study had an earning potential of about $2,700 the following year.

When you look at the particular barriers that I have listed on the chart, people with a single barrier had an earnings potential in

the second year of $5,500, whereas people with a double barrier had an earnings potential in the second year of about $2,000.

So in terms of targeting the program, people with more than one employment barrier have a much lower potential for earning a living wage in the following year than those who have only a single barrier.

Consequently, I think using multiple barriers would probably be a better way in which to try and get to the group that's likely to have the most difficulty in the work place. This would make a difference in the way the program operates.

Chairman HAWKINS. Are you really saying, in effect, that if we are seeking to reach the hard to serve or those who need the program the most, that neither one of the proposals as currently drafted will accomplish that?

Mr. GAINER. I'd say for adults, that's true. It's less clear for the administration's youth proposal. I think when you read all their provisions in the youth proposal, their provisions are probably a little tighter than the ones in your bill.

For adults, I don't see that either proposal nor the recommendations of the Labor Department Task Force would really require much change in the program in the aggregate. It would make a difference in some SDAs that have not done a very good job of targeting at all, but overall, you would still be able to serve a large number of people who really don't face much of an employment barrier and still satisfy the provisions of the bill.

I would like to mention one provision in the DOL bill. It was talked about an awful lot, but I think it's important enough to dwell on a little bit. That's the requirement to assess, first of all, the needs of each participant in the program to design a strategy to meet their needs.

The administration's bill also requires that whatever the participant's needs are be made available to them so that an integrated strategy helps those who have employment needs. I should say that provision is very consistent with research we've done on Title III of JTPA where we've found that the programs that were most successful were those that had this individual intake, that looked at what people really needed, designed an integrated strategy, provided them with high quality training and then followed them through the program and made sure that their support needs were met and that they completed the program successfully.

I think that kind of case work approach to assessing needs and satisfying needs is probably integral to any successful training program and that it is something that you ought to look at and perhaps adopt from the administration's bill.

On the question of training and quality jobs, you're bill clearly changes the performance factors because it requires that meaningful, long term employment or career jobs be a consideration in setting performance standards.

I would note, though, that when you asked that question of the Labor Department, the answer that you got was not very clear as to how that was going to take place. Some of the discussion had to do with the difficulty of measuring what is a meaningful job.

I think there are a number of findings from our report that give fairly strong insights into what is a meaningful job. I would direct you to the next chart and reiterate one of the principal findings from our report.

[The charts follow:]

GAO Employment Outcomes Versus Training Skill Level

Kind of Training	Placement rate (%)	Jobs Obtained: Higher skill	Jobs Obtained: Moderate skill	Jobs Obtained: Lower skill
Higher skill	71	72	13	15
Moderate skill	70	4	86	10
Lower skill	77	2	6	92

GAO Outcomes Better With Higher Skill Training

Kind of occupational training	Participants (%)	Jobs Obtained	
		Low skill or no job	Higher or moderate skill
Higher skill	16	40	60
Moderate skill	31	37	63
Lower skill, job search, other	53	74	26

We found that when higher skilled training was provided, the program experienced a placement rate of 71 percent, and that most of those placements were in higher skilled jobs.

Conversely, when lower skilled training was provided, the majority of the placements were in lower skilled jobs. There was a lot of talk earlier about entry level jobs and how a dishwashing job is not a job that is necessarily bad.

I would agree with that 100 percent. What I want to do, though, is remind everybody that our survey was for adults. These are people 22 years of age or older. When lower skilled training is provided to these people, they end up with a lower skilled job.

Our research into the specific jobs that people got from this program shows that for those lower skilled jobs, the long term earning prospects are not good; whereas, when they were provided high or moderate skilled training, they were placed in jobs, the majority of which have long term growth potential and higher earnings.

So I think it really does make a difference as to what you train people for. I have another chart here to sort of quantify this a little more clearly. Here we look at, again, the kind of occupational training and the percent of participants who received it.

Now if you look at the sort of crosswalk between these charts, and you look at the higher skilled jobs in the prior chart, you see that 71 percent of the people were placed when they got higher skilled training and 72 percent of those placements were in higher skilled jobs which, as we said, have better career potential.

Only 16 percent of the participants, going back to the last chart, received higher skilled training; whereas, if you look down at the bottom of the chart, 53 percent of all participants received either job search alone or lower skill or non-occupational training.

The people who got that lower skill or non-occupational training predominantly either got a low skilled job or received no job. That is, three quarters of those that got job search, lower skilled, or other training, rather than the higher or moderate skill training, received no job or a low skilled job.

If you look at the last two numbers in the upper right hand corner of that chart, you see that for the people who got higher skill and moderate skill training, 60 and 63 percent received a higher or moderate skilled job.

I should say that we found these same results regardless of the job readiness category of the people coming into the program; that is, those who were less job ready and had very low earning potential when they came in, were nearly as likely to be placed in a high skill job when they got high skilled training as were those who were more job ready or likely to succeed without training.

Chairman HAWKINS. In connection with that, how do you distinguish the number who were trained for higher skilled jobs, who probably on entering or in some way classified as the individuals who were more job ready, as compared to those individuals who were trained for lower skilled jobs and got the lower skilled jobs who were not ready to be trained for anything but the lower skilled jobs. Do you make that distinction?

Mr. GAINER. Well, we have to make rather broad distinctions because we don't have a great number of insights into the specific characteristics of individuals. We had to base it on broad character-

istics such as whether or not they had finished school, whether they were welfare dependent and so on.

We used those characteristics which are predictive but they don't tell you everything about the individual that you're looking at. They might be highly motivated and that might have something to do with their success.

I would say that as a generalization, those people who were less job ready succeed nearly as often when they got high skilled training as those that were more job ready. There are a set of charts in our report around page 40, I believe, which show the outcomes with different kinds of training for the less job ready and the more job ready.

The differences are not that great. The only significant difference, I would say, is that the less job ready are less likely to be placed when they get high skilled training, but the success rate is still high enough to indicate that that's probably the way to push the program.

I should also say that JTPA does not have the kind of integrated training strategy now that Secretary Dole stressed in her presentation. If you have that kind of assessment in an integrated strategy and you provide remedial education to the less job ready or to the high school dropout, for example, there is no reason to believe, based on the information that we have, that they will not be as successful or nearly as successful as those who needed little in the way of training in the first place.

I'd like to offer a note of caution on what is referred to in the bill as employability enhancements for adults. This goes along with the idea that you ought to be tracking and keeping track of and providing the various kinds of training that individuals need in order to be successful.

Employability enhancement is part and parcel of that. However, I think the only appropriate success story for this program is placement in a job. So if employability enhancement is used as a success score for this program and it is substituted for job placement, I think you could lose something that you already have in the program which is the emphasis on placing people in jobs.

So a youth employment competency or an adult employment enhancement may be something that is good to keep track of in order to know what is going on in this program. But, I don't think in either case that's a good substitute for placement and placement in a job of high quality.

We also have some suggestions on definitions in the program which we think could result in better insight into what the program is really achieving. We offer those for the record, but I'm not going to go into those unless you would like to talk about them.

Coming back to where I started out, I said that in March of '86 we found that you really didn't have the information on this program to tell who was being served, whether they were needy, what they were getting and whether the outcomes they had were positive.

You couldn't link an individual to their training or to their outcome. So you had very little insight into what was going on in the program. That is still true today. I see nothing in the administration's proposals which is really going to solve that problem.

I don't want to go into a lot of detail on data, but what you really need is a good measure of who is coming into the program and their needs. I think looking at people with multiple barriers and keeping records on people with multiple barriers on an individual basis at the SDA would take care of that problem.

When you look at skilled training, there are probably a lot of ways to look at the quality of services provided. One thing we've never known is—at least we did not know it until we did our study—what kind of combinations of services do people get.

Well, the assessment change that Labor proposes would get at that question. Do people get the combination of services that they need? However, we found in our study that people generally do not get a combination of services, that people who need remedial education do not generally get remedial education.

So I think you have to have some insight into that mix of services that an individual gets. That ought to be easily ascertained at the local level if you go out to look at their records.

You also ought to have some idea of the skill level of the training. Now I think there are probably other ways to look at the quality of training, but the best that we could come up with on the information that's out there is the number of hours of training, which I think you need, not the number of weeks. Fourteen weeks doesn't mean fourteen weeks of solid training. It might mean six weeks of training and eight weeks waiting. So I think you have to have hours of training and type of training.

At this point, with what we know, I would look to a classification of training by skill level because that will give you an insight that you never had into this program. I think that's the kind of data that would tell you what kind of quality training are people getting.

Finally, you need to know something about placements in a more meaningful way than we have now. Right now you know they were placed for at least one day. We know something about the 90 day follow up and we know what the beginning wage was.

The fact is that a machinist which is a higher skilled position might actually start at a lower wage than a machine operator which is a very low skilled position. If you don't know something about the skill level of that job, the wage tells you very little.

It turns out that higher skilled jobs do have higher wages on average. In individual instances, it may not tell you a whole lot.

So I think if you were to add to your outcome measurements the skill level of the jobs that people are placed in—and that can easily be done by the Labor Department—Labor could put out guidance that would be used nationwide by SDAs in classifying skill levels of a job. I think you would know something about what is going on inside this program that you've never known before.

Those are the points I wanted to make. My colleagues and I are here to answer any questions you may have.

[The prepared statement of William Gainer follows:]

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Job Training Partnership Act: Comments on H.R. 2839, The JTPA Amendments of 1989

Statement of
William J. Gainer, Director
for Education and Employment Issues
Human Resources Division

Before the
Committee on Education and Labor
United States House of Representatives

SUMMARY OF TESTIMONY ON H.R. 2039
WILLIAM J. GAINER, DIRECTOR, EDUCATION AND EMPLOYMENT ISSUES
U.S.GENERAL ACCOUNTING OFFICE

H.R. 2039 would amend both the adult and youth titles of the Job Training Partnership Act. Results from prior and ongoing work relevant to provisions of H.R. 2039 formed the basis for GAO'S testimony which highlights several areas of proposed change.

TARGETING THE HARD-TO-SERVE. H.R. 2039 proposes to target greater resources to those who are hard-to-serve by requiring that 50 percent of adult participants have one of several specified employment barriers such as welfare dependency. However, this may not significantly change the mix of participants because 71 percent of the adults being served have such barriers. A more effective approach would be to concentrate on individuals who have multiple barriers to employment such as those who are both welfare dependent and school dropouts.

ASSESSING PARTICIPANTS' NEEDS. In a related matter, aspects of an administration proposal have merit and, if added to H.R. 2039, could correct some shortcomings in the JTPA program. These require that participants' needs be assessed upon entry, a service strategy be designed, and progress reviewed. This proposal would also eliminate the practice of providing only job search assistance, unless the assessment indicates such a need and the service is unavailable elsewhere.

PERFORMANCE STANDARDS. H.R. 2039 would modify the JTPA performance standards by adding a standard for placement in jobs with career potential. However, the Committee may wish to consider an additional standard to measure the extent to which participants are provided higher and moderate skill training. JTPA participants receiving higher and moderate skill training got better jobs. In addition, this training was in occupations with projected growth.

UNIFORM DEFINITIONS AND REPORTING REQUIREMENTS. H.R. 2039 would require consistent and timely reporting under JTPA by establishing specific definitions and expanding reporting requirements. However, some changes are needed to the proposed definitions and the reporting requirements need to be further expanded to provide data needed for analysis of participant characteristics in relation to services received and employment outcomes.

INCREASED ADMINISTRATIVE AND SUPPORT COSTS. H.R. 2039 would allow an increase in the limits placed on administrative and support service costs. The latest Labor data can be used to argue for an increase in the administrative cost limitation; however, any increase will reduce the funds available for job training services. Concerning support services, the current law gives service delivery areas sufficient flexibility to increase such cost limits. Therefore, the Congress should be cautious in increasing the limit because JTPA's current successful emphasis on training could be altered.

Mr. Chairman and Members of the Committee:

We are pleased to be here today to assist in your deliberations on H.R. 2039, a bill to amend the Job Training Partnership Act (JTPA) by improving the delivery of services to hard-to-serve adults and youth. I am accompanied by Thomas Medvetz of my staff and Anders Anderson from our Boston Regional Office. My testimony today will focus on several key provisions of the bill. Specifically, I will discuss the proposals to (1) increase the targeting of services to the hard-to-serve, (2) develop additional performance standards, (3) expand data collection, and (4) increase administrative and support service cost allowances.

In June, we issued a report on JTPA stating that the program targets services to no particular segment of the eligible population.[1] Your bill is intended to better target training and other services to the hard-to-serve but, as written, may not significantly change the mix of participants being served. I will illustrate the reasons for this with data from our participants study and suggest possible modifications to the bill for your consideration. Similarly, we believe that clarifying language and modifications are needed to other provisions to ensure that they achieve the various purposes set out in H.R. 2039.

My testimony is based, in large part, on our recently completed study of the title IIA adult program which was requested by this committee, but we also have included information from a new analysis of youth participants. Our June report used demographic characteristics, education, employment experience, and welfare dependency to categorize a nationwide sample of JTPA participants by their probability of success in the labor market. For example, those for whom these factors predicted a low probability of success in the labor market were referred to as the "less job ready." And those who were more likely to succeed given their characteristics were referred to as the "more job ready."[2] (See exhibit I.) We analyzed the program outcomes for these groups and the skill level of jobs

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[1] Job Training Partnership Act: Services and Outcomes for Participants With Differing Needs (GAO/HRD-89-52, June 9, 1989).

[2] We used results of previous research, expert opinion, and the results of our own multiple regression analyses of Current Population Survey data to identify characteristics, which in combinations, were most strongly associated with difficulty in the labor market. These characteristics were lacking recent work experience, being a school dropout, receiving public assistance, being a single parent with a dependent child, or being black or Hispanic.

they obtained in relation to the kind and intensity of training they received.

Compared to its predecessor, JTPA has been relatively successful, far exceeding Comprehensive Employment Training Act placement rates. However, our study resulted in several findings on existing program practices. As shown in the chart, we found

-- JTPA is not targeting any particular job readiness group for enrollment in the program,

-- school dropouts were significantly underserved,

-- less job ready individuals tended to receive less intensive services,

-- the quality of jobs received after leaving JTPA was strongly related to the skill level of training received, regardless of participants' initial job readiness status, and

-- low skill on-the-job training was often provided for excessive periods of time.

Our detailed comments on the key provisions of the bill follow.

TARGETING THE HARD-TO-SERVE

H.R. 2039 emphasizes program services to the hard-to-serve by establishing specific enrollment requirements for adults and youth. With respect to adults, not less than 50 percent of the participants are to be individuals who

-- are educationally deficient (have reading or math skills below the eighth grade level),

-- are welfare dependent (long-term welfare recipients), or

-- have limited work histories (substantially limited or unsuccessful work experience).

Similarly, for youth participants, not less than 50 percent are to be out-of-school youth, with priority given to school dropouts. The remaining in-school youth participants are to be chosen on a priority basis from among those who

-- are at risk of dropping out,

-- need school-to-work transition assistance,

-- are parents, or

-- have limited proficiency in English.

While these requirements might appear to more clearly identify program priorities than current law, which refers simply to ". . . those who could benefit from, and are most in need of" services, the program may already be meeting the targeting requirements of H.R. 2039. Although our data are not fully comparable with the categorization of hard-to-serve individuals stipulated in your bill, it does allow us to count participants with an education deficiency, welfare dependency, and limited recent work experience. For example, the next chart shows that about 27 percent of adult JTPA participants were school dropouts, 24 percent were AFDC recipients, and approximately 57 percent had limited recent work experience.[3]

GAO Proposed Targeting Requirements to Hard-to-Serve Adults Already Being Met

- H.R. 2039 requires at least 50% have a specific employment barrier
- JTPA participants with employment barrier

Education deficiency	27%
Welfare dependency	24%
Limited work history	57%
One or more barriers	71%

[3]In defining limited work experience we used the data that were consistently available from local program operators. Those participants who were unemployed during the 26 weeks before program application were considered to have limited work experience.

Overall, we estimate that at least 71 percent of JTPA participants may have one or more of the targeting characteristics specified in H.R. 2039, thereby satisfying the bill's proposed adult targeting requirement of 50 percent.

For out-of-school youth, our participant data are more clearly related to the personal characteristics targeted in the bill. Over 64 percent of youth participants are out of school and 42 percent of them are dropouts. Thus, the program is already emphasizing services to out-of-school youth and dropouts to a greater extent than required in the proposed legislation. Although our data on in-school youth is less precise, we reached similar conclusions and estimate that about half had at least one of the characteristics emphasized by H.R. 2039.

Thus, Mr. Chairman, it appears that the program may already be meeting the targeting requirements of H.R. 2039, as currently drafted and could therefore result in little change in who is actually served by JTPA.

Targeting Those With Multiple Barriers

If the Congress wishes to place greater emphasis on training for hard-to-serve individuals, a more effective approach might be to concentrate on those with multiple employment barriers. For example, our next chart shows that adults with two or more of the targeting characteristics specified in your bill make up about 31 percent of the adult participants being served.

GAO Emphasis on "Multiple Employment Barriers" Could Improve Targeting

	JTPA Participants	
	Adults	Out of school youth
Dropout receiving AFDC	8%	11%
Dropout with limited work history	17%	28%
AFDC recipient with limited work history	19%	16%
Total with two or more barriers	31%	36%

Thus, the Congress might consider requiring that the program serve a specific percentage of those with multiple barriers. If that percentage were substantially above 31 percent for adults, one could expect the program to better target the hard-to-serve in future years.

I should note that, based on our sample, it also appeared that when JTPA participants with multiple employment barriers are provided with the same intensity of training as those with few or no barriers, they often did as well. In other words, participants who received more intensive training--for higher or moderate skill occupations--tended to get better jobs at higher wages than other participants, regardless of their apparent job readiness.[4] Of particular note is that, although their placement rates were somewhat lower, the less job ready participants who were trained for higher skill jobs tended to get such jobs.

[4]As noted in our June report, we were unable to tell the extent to which these results might have been influenced by local program officials selecting those participants for skill training who were, for reasons we could not measure (such as motivation), more likely to be successful after training.

Because JTPA serves a small percentage of the eligible population, there appears to be ample opportunity for service deliverers to select individuals having a greater need for services. In fact, JTPA serves less than 2 percent of the adult eligible population with at least two of the three characteristics targeted by your bill. Yet, 26 percent of the eligible population have similar characteristics. I suppose it is also obvious that serving those who are less prepared for the labor market likely costs more, so targeting them for services could result in serving fewer participants.

Assessing and Addressing Participant Needs

If new legislation is successful in achieving greater targeting of the hard-to-serve, it will not necessarily result in such individuals receiving the training services they need to enter and advance in the labor market. For example, as we noted in our report, participants who were less job ready and presumably in greater need of training (such as dropouts or welfare recipients with no recent work experience) often received only job search assistance. Dropouts, in particular, rarely received remedial education which they could be expected to need.

The administration is proposing a requirement that the assistance needs of participants be assessed when they enter the program. An individual service strategy would then be designed, based on that assessment, and participant progress against that plan would be periodically reviewed. As we understand this proposal, if the assessment indicates that a participant needs both basic educational skill and occupational skill training, those services would have to be made available. The administration's proposal also eliminates the practice of providing only job search assistance, unless the assessment indicates that only this service is needed and it is unavailable from another agency such as the Employment Service.

In our opinion this is a sound proposal, which, if added to H.R. 2039, could correct various shortcomings in the existing JTPA program.

PERFORMANCE STANDARDS

H.R. 2039 proposes to modify the JTPA performance standards in two ways. First, the bill would add ". . . placement in jobs with career potential that will allow the individual to become self-sufficient . . ." as a factor the Secretary should use in establishing standards. In prescribing such performance standards, the Secretary is also to assure that states and service delivery areas make efforts to increase services and positive outcomes for hard-to-serve individuals. Second, the

bill adds the attainment of basic education (such as significant gains in reading or math) or other employability enhancements necessary for successful entry into the job market as factors for use in establishing performance standards.

Training and Quality Jobs

Two findings from our recent report provide insight regarding the relationships between training, placement, and jobs with career potential. First, as I noted earlier, our data show an apparent strong relationship between the quality of the job obtained and the skill level of training. That is, better jobs were obtained by those receiving higher or moderate skill training. For example, as shown in the next chart, when adult participants received training in higher skill occupations (and obtained jobs), about 72 percent of these jobs were in higher skill positions.

GAO Employment Outcomes Versus Training Skill Level

		Jobs Obtained		
Kind of Training	Placement rate (%)	Higher skill	Moderate skill	Lower skill
Higher skill	71	72	13	15
Moderate skill	70	4	86	10
Lower skill	77	2	6	92

Similarly, about 92 percent of those who received lower skill occupational training and were placed, obtained lower skill jobs. And, by and large, the higher skill level job placements were at better wages than low skill job placements. Nonetheless,

fewer than half (47 percent) of the participants received higher or moderate skill training.

GAO Outcomes Better With Higher Skill Training

Kind of occupational training	Participants (%)	Jobs Obtained: Low skill or no job	Jobs Obtained: Higher or moderate skill
Higher skill	16	40	60
Moderate skill	31	37	63
Lower skill, job search, other	53	74	26

Moreover, as shown in this chart, participants who received lower skill occupational training, job search assistance only, or nonoccupational training experienced less promising employment outcomes. About three-fourths of these participants, regardless of their job readiness group, either did not obtain jobs or obtained jobs in lower skill occupations, which have lower starting wages and projected growth.[5] In contrast, participants who received training in higher or moderate skill occupations tended to do better, with over 60 percent obtaining higher or moderate skill jobs.

Second, our analysis showed that the moderate and higher skill jobs in which JTPA participants were placed were more likely to have long-term career growth and better wages than were the lower skill jobs. Using data from a Labor Department study on job market trends through the year 2000,[6] we found that almost half the JTPA training positions we classified as lower skill

[5]This was especially true among the less job ready of whom 81 percent either failed to get jobs or obtained lower skill jobs. (See exhibit II).

[6]William B. Johnston and Arnold E. Packer, Workforce 2000: Work and Workers for the Twenty-first Century, Hudson Institute, June 1987.

were in low or no growth occupations. These included machine operators, assemblers, agricultural workers, laborers, and packers, for which predicted growth between 1987 and the year 2000 ranged from a positive 5 percent to a negative 16 percent. And many of the remaining lower skill positions (with better projected growth) are in service occupations, such as food service, for which wage gains and productivity growth have traditionally been weak.

On the other hand, the moderate and higher skill positions for which participants were being trained were in occupations whose projected outlook is much more positive. The largest proportion of these jobs were in such occupational groups as electronic technicians and administrative support which are predicted to grow, on average, over 20 percent between now and the year 2000, while relatively few are in lower wage service industries.

The Committee may wish to consider an additional requirement against which to measure performance--the extent to which participants, and especially the hard-to-serve, are provided higher and moderate skill training. Such a standard, in combination with a requirement to serve a specified percentage of those with multiple barriers, would ensure that meaningful training services are provided to a significant number of hard-to-serve individuals.

Employability Enhancements

Basic skills and workplace competencies can contribute significantly to an individual's employability. However, we would caution that the attainment of an adult competency might best be considered as a means to an end--the end being a quality job placement--and not an end itself. In our view, the principal outcome measure for adult training programs is and should continue to be job placements. Permitting the attainment of competencies to be counted as an acceptable outcome measure, in lieu of placements, could discourage service delivery areas from giving participants the training needed to achieve employability or could lessen their incentive to aggressively seek job placements for such individuals. This was found to be a problem with regard to the use of competencies in JTPA youth programs.[7]

UNIFORM DEFINITIONS AND REPORTING REQUIREM[illegible]

A persistent shortcoming of the JTPA [illegible]m has been the lack of sufficient and consistent data. [illegible]mber of

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[7]Youth Job Training: Problems Measuring A[illegible] Employment Competencies (GAO/HRD-87-33, Feb. [illegible]

occasions we have noted that additional program data are needed for proper program management and oversight. H.R. 2039 would require consistent and timely reporting under JTPA by establishing specific definitions for several employment and training terms and expanding program reporting requirements.

We have some suggested additions and modifications to the definitions provided in your bill. We also believe that the bill's provisions may not ensure that sufficient data are available to link the socioeconomic and labor market characteristics of individual participants with the kind and intensity of training they receive and the quality of jobs they obtain. Such data are needed for local-level program analysis and proper federal oversight.

Definitions

In a previous report on JTPA, we noted that a lack of specificity and consistency of definitions in JTPA has been a problem common to Labor's data collection efforts.[8] For example, there are indications that some local programs may not record individuals receiving only job search assistance as program participants until after they have successfully been placed in a job, thus increasing the percentage of participants placed. H.R. 2039 addresses the problem of specificity and consistency, in part, by providing uniform definitions of the terms "enrollment," "participant," and "termination." We believe that such definitions should be tightened, however, to address other concerns we have noted. We have included specific suggestions for these terms in exhibit III.

Expanded Reporting Requirements

H.R. 2039 would require local JTPA service deliverers to collect additional data on participant characteristics, enrollment activities, program outcomes, and specified program costs. In our recent report we noted that the current program's data collection does not permit analysis of program outcomes associated with variations in the training provided. The provisions of your bill will help to solve this problem, but we believe some additional data are needed.

H.R. 2039 requires that data be collected on participant program activities, including the length of time spent in such activities, in addition to employment or other outcomes. We suggest that this requirement be expanded to include the skill level of any occupational training provided and that the length of training be reported in hours of training provided, rather

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[8]Job Training Partnership Act: Data Collection Efforts and Needs (GAO/HRD-86-69BR, Mar. 31, 1986).

than weeks elapsed. Furthermore, regarding participant outcomes, we suggest that the skill level of jobs obtained be recorded together with the hourly wage at placement.

Most importantly, we believe the data on program participants should be collected in such a way as to permit the analysis of participant characteristics in relation to services received and employment outcomes. Such data would allow program evaluators (and local program managers) to match the characteristics of individual participants with (1) the kind of services received, including the number of hours and skill level of training, and (2) the skill level of occupations in which they are employed, if any, after leaving the program.

INCREASED COST LIMITATIONS

H.R. 2039 would allow SDAs to spend up to 20 percent of their funds for administrative costs (increased from 15 percent) and up to a total of 40 percent for administrative costs and support service costs (increased from 30 percent). The administration's proposal is similar but would allow such increases only if approved by the Governor. We have no specific views regarding administrative costs, but feel the limitation on support service costs should not be increased.

Administrative Costs

Labor's data indicate that SDAs spent almost 15 percent of their funds on administrative costs during program year 1987. However, because Labor permits all costs associated with "fixed unit price, performance-based" contracts to be charged as a training cost, provided certain conditions are met, administrative costs have likely been understated. Labor's Inspector General found that SDAs used this contracting method to charge to training costs that would otherwise be classified as administration and/or participant support.[9] These data could be used to argue for an increase in the limitation on administrative costs. However, we would like to emphasize that any increase in administrative costs will reduce the amount of funds available for job training services.

Support Service Costs

As we noted in prior testimony before the Senate, we believe the Congress should carefully consider any increase in funding

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[9]Statement of Gerald W. Peterson, Assistant Inspector General for Audit, Office of the Inspector General, U.S. Department of Labor, before the Committee on Education and Labor, U.S. House of Representatives, September 29, 1988.

for support services.[10] Doing so could alter JTPA's current successful emphasis on training and placement, leading to greater use of funds for nontraining services, as under the Comprehensive Employment and Training Act program, where much of the program's resources went to such services.

While some individuals clearly need support services in order to participate in JTPA, service delivery areas have chosen not to provide such services to the extent already permitted. We noted in an earlier report on JTPA support costs that the limit imposed by the Act was not a problem for SDAs.[11] JTPA permits them to spend 15 percent of their funds on support services and allows them to seek waivers from this limitation. At the time of that study, few service delivery areas had requested such waivers and those that did generally had received them. Moreover, on average, service delivery areas spent less than half (about 7 percent) of the 15 percent available for support services. More recent data for program year 1987 indicate that they have increased such expenditures to 11 percent but are, on average, still well below the 15 percent permitted. Thus, we believe the existing provisions of section 108 of the act pertaining to waivers are likely sufficient to allow service delivery areas the flexibility needed to provide support services.

LIMITATION ON DURATION OF ON-THE-JOB TRAINING

H.R. 2039 provides that JTPA funds may be used to support a participant in an on-the-job training (OJT) position only for the time required to be trained for the position. The bill also provides that the appropriate training time is to be determined in accordance with regulations established by the Secretary. In our report, we pointed out the need for such a requirement. In many service delivery areas the length of some OJT contracts appeared to be longer than necessary for those lower skill occupations that require little preparation time. We recommended that the Secretary of Labor provide guidance to local JTPA programs to ensure that the length of OJT contracts are commensurate with the skill level of the job involved. We believe the provisions of H.R. 2039, when carried out by the

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[10] "Senate Bill 543: The Job Training Partnership Act Youth Employment Amendments of 1989" Statement of William J. Gainer, Director for Education and Employment Issues, Human Resources Division, General Accounting Office, before the Subcommittee on Employment and Productivity, Committee on Labor and Human Resources, United States Senate, May 11, 1989.

[11] The Job Training and Partnership Act: An Analysis of Support Cost Limits and Participant Characteristics (GAO/HRD-86-16, Nov. 6, 1985).

Secretary, should result in the full implementation of this recommendation.

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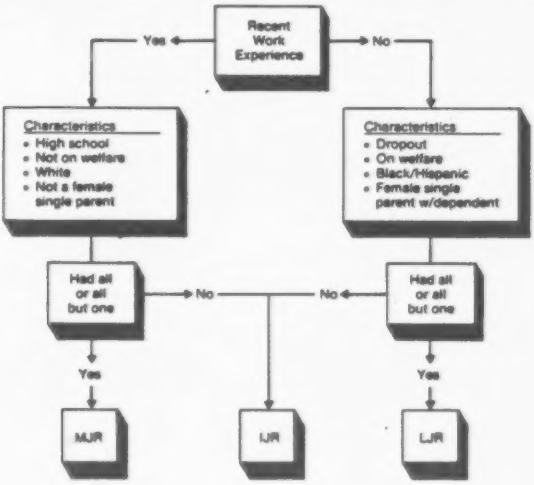
Mr. Chairman, this concludes my prepared statement. My colleagues and I will be happy to answer any questions you or other committee members may have.

EXHIBIT I EXHIBIT I

GAO Classification of Job Readiness Groups



MJR = More Job Ready
IJR = Intermediate Job Ready
LJR = Less Job Ready

EXHIBIT II

EXHIBIT II

GAO Outcomes for Those Receiving Low or No Skill Training

Job readiness group	Percent of participants	
	No Job	Low Skill Job
MJR	20	52
IJR	26	47
LJR	35	46
All Adults	26	48

MJR = More Job Ready
IJR = Intermediate Job Ready
LJR = Less Job Ready

SUGGESTED MODIFICATIONS TO DEFINITIONS

To better ensure that individuals entering JTPA are consistently reported by service delivery areas as participants, and to avoid the practice of delaying such reporting, it is suggested that the definitions included in H.R. 2039 for "enrollee" and "participant" be combined in a single definition of "participant." We suggest the following definition:

> "A participant means an individual who has been determined to be eligible for participation in programs authorized and funded under this act and who is enrolled in and is receiving services from such programs. The date of entry to the program shall be the first day, following intake, on which the participant started receiving subsidized employment, training, or services funded under the act."

While this clarification will not necessarily eliminate all problems, it will specify the point in time at which individuals are to be recorded as participants.

Regarding the term "termination," Labor regulations permit participants to be placed in a "holding" status for up to 90 days following completion of training and before being reported as a program termination. While it may be reasonable to allow some period of time after training for participants to find employment, allowing local programs to claim a positive termination for a job placement that occurs 3 months after completion of training might distort how well JTPA is performing. In order to avoid such a distortion, local programs should claim a positive termination for a job placement following an extended holding period only when the job obtained is clearly linked to the training provided or is the result of direct placement assistance supplied by the service deliverer.

Chairman HAWKINS. Thanks. I think the reading of your report would certainly be valuable to every member who is going to vote on these proposals.

One question I'd like to ask relates to placements. I haven't seen any place where there's data that gives any clear indication of how long those individuals remain in those jobs. Have you done that in——

Mr. GAINER. No, sir. The only thing I know of is in the IG report. I'm not familiar with the numbers. I know they found a lot of people were not still in jobs at a follow-up period. We have not done anything personally.

I can offer some thoughts on it, though. In low skilled jobs, in particular, you expect a lot of turnovers. So if, in fact, a person is trained in a low skilled job successfully, they may still move frequently.

That's a sector of the economy that is not stable. Businesses go in and out of business every day so tenure of low skilled jobs is not a particularly reliable measure of what is going on.

I think, though, if you were successful in pushing the program towards moderate and high skilled training, the placement statistic would mean more than it does for low skilled jobs.

The other thing I would say is long term follow up at the SDA level for every participant is very expensive. I think the 90 day follow up is going to acquaint local SDA staff and SDA operators and the PICs with the consequences of what they are doing and it's going to make them a lot more serious about keeping people in those jobs.

So I think that's going to have a positive effect. To know something about the long term impact of the program, though, I think that's more of a research question and you probably can't collect data on every participant to know what's happening in terms of job retention.

Chairman HAWKINS. There was quite a discussion today on how long it takes to train an individual to wash dishes, et cetera, et cetera. Is that part of the report that deals with the estimated average training time? Does that in any way answer that question or is there any way to estimate or to determine in advance how long it takes to train for certain skills?

Mr. GAINER. Okay, let me answer that question and say what I think about the way Labor proposes to handle it because I think their solution is probably a good one.

The standard that we used for comparison was one actually suggested to us by the Labor Department and that's their Dictionary of Occupational Titles. In there, they give suggested training times for various occupations.

The numbers we used were the maximum numbers provided in their guidance. That is, they said that for a dishwasher, the amount of training necessary was up to 240 hours and the same for the other low skilled occupations that we analyzed.

So I think the expectation is that for most people, the most that it would ever take to train somebody for a dishwasher would be 240 hours. Now, the science behind those numbers is not irrefutable.

However, I think those numbers are generally accepted and most people think that 240 hours, for example, for a dishwasher, is cer-

tainly enough to train them. What Labor, as I understand it, intends to do is use those guidelines from the "Dictionary" as a standard for people at the local level.

If they want to diverge from that, they can pick some other standard or they can justify it. I think probably what you'll see is if they publish standards, it will drive people running SDAs and running these programs towards those standards.

I think that will be a reasonable solution to the problem that will not be at all difficult to implement at the local level.

Chairman HAWKINS. That's possibly the most reasonable solution to the problem, is to establish such suggested training time and stick to that. I assume, in terms of dealing with contracts, it would be necessary to do that in order to efficiently use the money or to pay the contractors what is a reasonable amount.

You find no difference with that?

Mr. GAINER. No. That would likely happen when a local SDA wrote a contract for on-the-job training either with a single employer, which is typical of these OJT contracts—that's usually what you're talking about here.

The SDA writes a contract for one person or a number of people with the employer who is going to do the OJT and they write it for a specific time period. I think what's happened in the past is that SDAs tend to have a standard contract length regardless of the job that people are training for.

If it's a dishwasher, they use 16 weeks. If it's a machine operator, they use 16 weeks. If it's a more complicated skill, they use 16 weeks. I just don't think there's been any thought on the part of most SDAs to tailor it exactly to the specific job.

That's a generalization and I know there are some that have done that, but I think that's the average experience; they just have kind of an average contract for rough groupings of jobs.

Chairman HAWKINS. You did not find any great abuse of this idea, this practice of subsidizing the payment of individuals beyond the suggested time?

Mr. GAINER. I didn't see anything that would indicate a pattern of abuse related to the fact that they trained people for longer periods than needed. I think that's just a standard practice and kind of a standard contract length.

I actually talked to employers myself that said a variety of things. They couldn't possibly train somebody in the period for which they got the support or they trained them in a very few days.

Others said that they would have taken these people on OJT with or without the wage subsidy. The points of view of employers are all over the map. We also did not look specifically for abusive practices.

We heard anecdotally lots of stories about how certain employers were making out on OJT and doing very well at it and a number of things like that. My view is that the changes that Labor institutes will make that kind of abuse a lot less attractive to employers.

I think highlighting OJT with a drastic change—and this would be a drastic change in the rules for OJT—is likely to change things around. Our long term plan is to wait and see what happens with these new OJT rules for a year or two and then go in and look in

another way, in a very detailed way to see if there are abuses out there.

Chairman HAWKINS. Thank you very much. Again, we wish to express our appreciation of the manner in which you handled the request. We certainly look forward to your continuing help to the committee as we move to make changes in the Job Training Partnership Act.

Mr. GAINER. We'll certainly make ourselves available to help in any way that we can, sir.

Chairman HAWKINS. Thank you. That concludes the hearing.

[Whereupon, at 12:40 p.m., the committee was adjourned.]

H.R. 2039, THE JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

FRIDAY, JULY 7, 1989

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m., in room 1185 of the State Building, 350 McAllister Street, San Francisco, California, Honorable Augustus F. Hawkins [Chairman] presiding.

Members present: Representatives Hawkins, and Hayes.

Staff present: Terri Schroeder, legislative analyst; Carole Stringer, legislative analyst; and Beth Buehlmann, minority education coordinator.

[PLEASE NOTE: A REPORTER WAS NOT AVAILABLE TO RECORD THE COMMENTS OF THE MEMBERS OF THE COMMITTEE AND THE WITNESSES. HOWEVER, THE WRITTEN STATEMENTS OF THE WITNESSES ARE PRINTED IN THEIR ENTIRETY.]

[The statements of Hon. Augustus F. Hawkins and Hon. Matthew G. Martinez, along with the witnesses' statements follow.]

21-276 O - 90 - 4

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COMMITTEE ON EDUCATION AND LABOR
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FULL COMMITTEE HEARING ON H.R. 2039
JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

STATE BUILDING, HEARING ROOM 1158
350 McALLISTER STREET
SAN FRANCISCO, CALIFORNIA

WITNESSES

Mr. Kaye R. Kiddoo
Director
Employment Development Department
State of California

Dr. Shirley Thornton
Deputy Superintendent
Specialized Programs Branch
State Department of Education
State of California

The Honorable Ann Klinger
Supervisor
County of Merced
Merced, California

Panel consisting of:

Ms. Robin Purdy
Sacramento Employment and Training Agency, and

Mr. Michael Tilles
Northern California Forum on Older Workers

Panel Consisting of:

Hugh Miller,
Member of Board of Directors,
The Western Job Training Partnership Association
and
Eunice Elton,
President,
Private Industry Council of San Francisco

OPENING STATEMENT OF CHAIRMAN AUGUSTUS F. HAWKINS

Today's hearing is the second in a series which the Committee will conduct on H.R. 2039, the Job Training Partnership Act Amendments of 1989, and related proposals. These initiatives are designed to redirect the Job Training Partnership Act (JTPA) to those youth and adults who are most in need of employment and training services and who are least prepared to compete in today's labor market.

In order to focus on those with greater barriers to employment, H.R. 2039 improves targeting to reach more of the least skilled and most disadvantaged. It retains the current summer youth employment program, but creates a separate year-round program for youth, with special emphasis on out-of-school youth, particularly school dropouts. H.R. 2039 modifies the performance standards to promote delivery of services to the hard-to-serve: those individuals who lack basic skills, are long-term welfare recipients, are school dropouts or are at-risk of dropping out, are teen parents. have limited English-language proficiency, or those who have limited work histories.

The General Accounting Office testified before the Committee last week on their recently-issued report on JTPA's services and outcomes. The GAO's report highlighted the following program practices in JTPA which are of concern to us:

(1) JTPA is not targeting the hard-to-serve. A more effective targeting approach might be to concentrate on those individuals with multiple barriers to employment.

(2) School dropouts are significantly underserved by JTPA.

(3) The less job ready individuals tended to receive less intensive services.

(4) Low skill, on-the-job training was often provided for excessive periods of time.

(5) The quality of jobs received after leaving JTPA was strongly related to the skill level of training received, regardless of the participant's initial job readiness status.

Secretary of Labor Dole also appeared before the Committee last week to discuss the Administration's JTPA amendments. We were pleased to learn that like the House and Senate proposals, the Administration's bill would refocus JTPA to target more needy individuals who face severe barriers to employment. While these initiatives have a common goal, there are major differences which will have to be considered as we move the legislation through the U.S. Congress.

If we want people to work, then we must provide the education and training opportunities that will make employment a reality in the lives of all Americans. The improvements proposed in H.R. 2039 move in that direction.

We welcome our witnesses today and look forward to their views on H.R. 2039 and related proposals to revamp and to improve the Job Training Partnership Act.

# # #

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COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
[illegible]
WASHINGTON, DC 20515

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

STATEMENT BY

THE HONORABLE MATTHEW G. MARTINEZ

MEMBER OF CONGRESS

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES

HEARING ON H.R. 2039

J.T.P.A. AMENDMENTS OF 1989

STATE BUILDING, ROOM 1158

350 McALLISTER STREET

SAN FRANCISCO, CALIFORNIA

JULY 7, 1989

Mr. Chairman:

First, I want to praise you for the success of the Job Training Partnership Act (JTPA) since it was you, Mr. Chairman, who, in large part, designed this landmark program. JTPA is living testimony to your commitment to improving job training for the hard to serve, disadvantaged and dislocated workers.

Second, Mr. Chairman, you are to be commended for holding this field hearing on H.R. 2039 -- legislation to improve and enhance JTPA. I laud your continued efforts to seek the advice of those personally involved in JTPA.

I have always felt that we didn't do enough in the public school system to prepare young people for their role in the workforce. As a result, young people become dependent on public assistance or worse -- they become dependent on crime. But this does not have to happen. I believe that the work ethic can be taught and job training can be improved for those who seek skilled employment. By targeting the hard-to-serve and creating a year-round youth program, H.R. 2039 accomplishes this goal.

Others seem to agree. From both the General Accounting Office and the Department of Labor's JTPA Advisory Committee, we have learned that those who are the least job ready receive the least intensive job training services. To put it another way, those who need training the most are receiving the least. Consequently, targeting of hard-to-serve individuals -- as proposed in H.R. 2039 -- is needed to make better use of finite job training dollars.

We have also learned from the Department of Labor's Office of Inspector General that more must be done to make JTPA programs financially accountable. I don't think anyone would disagree that the taxpayers should be getting the most for their investment in JTPA. That is why I have introduced H.R. 900 -- The JTPA Accountability Act. H.R. 900 would require the use of basic federal procurement standards in the administration of our training programs.

No matter what improvements we make, I believe JTPA should continue to serve Older Americans at current service levels since Older Workers will make up a higher proportion of our future workforce and will consequently require job training assistance.

The number of women in our workforce will also continue to rise. By the year 2000, half of our workers will be women and almost all households living in poverty will be headed up by women. If we are to help those women living in poverty to break their dependency on public assistance and if we are to help all women gain a more meaningful foothold in the workforce, women must gain access to job training. Child care is a crucial link to that access. I suggest that JTPA offer training in child care to Older Workers so that they may provide in-house child care to other JTPA and Job Corps participants.

I also believe that we can do much more to show at-risk youth that there are alternatives to violence, crime and drugs. The highly flexible JTPA program is just one avenue we can use to help these troubled young people. For that reason, I suggest that demonstration programs for juvenile offenders be established to provide our young people with the alternative of job training.

And while we are enhancing JTPA in general, I believe it is of particular importance that we fine-tune the administration of JTPA Indian and Native American programs by improving our sensitivity to the employment and training needs on reservations.

Mr. Chairman, I began these remarks by talking about people entering the workforce without the basic skills they will require to survive. This is a tragedy. Like everyone else, people without basic skills want to work, they want to pay their taxes and they want to be good members of our communities. In other words, people want to feel good about themselves. By improving access to job training, these individuals will have a better chance at a better life. Our society can only benefit by such an occurrence.

WRITTEN TESTIMONY OF KAYE R. KIDDOO
DIRECTOR, EMPLOYMENT DEVELOPMENT DEPARTMENT
PRESENTED TO THE HOUSE COMMITTEE ON
EDUCATION AND LABOR
SAN FRANCISCO, CALIFORNIA
JULY 7, 1989

The following is a summary of our comments on the major elements proposed by Congress to amend the Job Training Partnership Act. We present these important recommendations for your consideration in any future modifications contemplated for the program.

We support the concept of one State Council whose role includes recommending program policy to the Governor and coordinating the various federally funded employment and training programs. It is essential that such a council seek to preserve the unique and separate role of each program and the integrity of services it provides to the public. The State must have the authority to establish and structure such a council to address these needs and to include such State level administrators, public and private members as would meet its needs.

Public programs which serve similar goals and client groups should be coordinated to assure that these programs do not duplicate or supplant services already available through other sources, and that they work together toward the common good. Federal and State laws and regulations which authorize such a council must also assure:

- That the range, number or complexity of programs under the council is not so vast as to hinder adequate oversight and coordination;
- That the funds reserved for each program are not diverted from their intended purpose, but are used to maximum effectiveness through coordination; and
- That the State retains the authority to determine how such a council can best serve the public good within the legal and regulatory framework.

Secondly, we recognize the need for focusing program services on those individuals with serious barriers to employment. Program eligibility requirements should include disadvantaged adults and youth with serious skills deficiencies which hinder their entry into the labor force.

However, imposing a "double threshold" of economic need plus a narrowly defined list of barriers to employment would screen out many needy individuals who have every right to expect services from a publicly funded program. We feel a more balanced approach would better serve all eligible participants and be more acceptable to employers. The definition of what constitutes serious barriers to employment should be flexible to allow States and SDAs to include those groups of individuals most in need, who could best benefit from services. States and SDAs are in a better position to know the needs of both the participants and the employers they serve, and must continue to have the responsibility to plan for these needs at the local level. Any change in eligibility requirements should provide guidance on the types of problems that constitute barriers to employment and allow the States and SDAs to develop job training plans which meet local needs.

Third, services provided by the Job Training Partnership Act must be consistent with the goal of preparing youth and unskilled adults for entry and long term success in the labor force, and of affording job training to economically disadvantaged and other individuals with barriers to employment, who are in need of such training to obtain productive employment.

Publicly funded services must not duplicate or supplant those already available. Several proposed changes would mandate the attainment of basic literacy and specific competency skills, as well as provision of 12 months of follow up, counseling and supportive services. Educational services which enhance the literacy and basic skills of individuals are met through various other federally and locally funded programs such as the Adult Education Act, the Higher Education Act, the Elementary and Secondary Education Act and others. There are also existing federal and State resources whose role and responsibility it is to provide housing, family life and parenting services, drug and crisis counseling, transportation, child care, economic development and the many other services needed by persons seeking to enter the labor force. It therefore makes little sense to restructure JTPA to try to meet all these needs. Each of the related federal programs should be strengthened and revitalized in accordance with a national blueprint or plan, so that the interprogram coordination envisioned by the JTPA amendments can happen in a meaningful way.

Fourth, no changes should be made to the size and composition of the Private Industry Councils.

Private Industry Councils have successfully carried out their role in overseeing delivery of job training services in their Service Delivery Areas. Their leadership, accomplishments and dedication should be acknowledged rather than dismissed by attempts to change or dismantle their structure. The changes proposed would do little to improve the PIC. Correction of deficiencies or problems in particular States or SDAs would be more properly addressed through the federal or State oversight function rather than by imposition of a mandatory "repair" of something that isn't "broken".

Fifth, in order to meet the objective of preparing youth and unskilled adults for entry into the labor force, the performance measures of JTPA outcomes should be kept as simple, few and adjustable as possible.

Creation of additional, separate and complex performance standards do more than just sap administrative resources. They draw time and energy away from client services. Imposition of new standards with their accompanying data gathering and reporting requirements, can only serve to eclipse the real purpose of an already complex program. Any changes in performance standards should serve to simplify such standards, reduce the administrative burden, and reflect adequate input from States and SDAs.

Sixth, program funding methodology must distribute adequate resources to States and SDAs on an equitable basis. In developing such methodology, any efforts must take into account the need for reliable data sources and carefully evaluate each element and assumption of the funding formula.

The current funding formulas have been criticized for their reliance upon unemployment figures, which are not necessarily representative of the disadvantaged population. However, changes which would impose an inflexible formula based on data for disadvantaged groups, are equally flawed, since such figures are compiled from the decennial census. It is useful to note that funding changes introduced under the Economic Dislocation and Worker Adjustment Assistance Act required the use of data which is not available in many areas, however States are given the flexibility of using additional locally available data which more closely reflects target populations. Before a final allocation methodology is decided, the following actions must be taken:

- Any data used to identify the disadvantaged, unemployed, or other target population must be reliable on a statewide and substate basis, and revised annually.

- Each assumption, factor and measure used in the formula must be tested before deciding upon its use or weight in the formula. Such elements may include hold harmless and stop-gain levels, small State minimum, formula dynamics, and others.
- States must be fully informed and provide recommendations on any final decisions regarding the allocation methodology.

Finally, distribution methodology must not penalize less heavily populated suburban and rural areas, nor should there be changes to current carry-forward provisions.

To summarize, we support the use of data for the economically disadvantaged population, but only if the Bureau of Labor Statistics develops data which are revised annually. If this is not assured, and census data is used in funding formulas, the cost to California would be between $200 to $300 million in lost JTPA funds during the decade of the 1990s.

Lastly, we believe that the continued success of the Job Training Partnership Program rests upon proper delineation of roles. The federal role should be one of providing broad program policy direction and oversight. The State should be invested with the authority to administer the program within the State. The role of the Service Delivery Area Administrator and Private Industry Council should be to operate the program and to assure that local needs are met.

Increased centralization of national programs result in programs characterized by a proliferation of administrative procedures and process-driven systems. Activities become increasingly focused upon tracking, reporting, responding, amending, measuring, etc., rather than on the provision of client services. While there is an acknowledged need for accountability and good management, these functions and activities must not overtake the real goal of the program -- to enhance the job skills and employability of adults and youth who seek to enter the labor force. Federal direction which would mandate who is included or excluded, the specific range and type of services and a whole array of prescriptive measures and procedures, serves only to preempt the State and local role to manage the program. For example, several changes include minutiae on contracting, cost accounting, specific time limits for training and lists of permissive and restricted services for adults, and in-school or out-of-school youth. What we need to improve an already successful program are options and resources along with the flexibility to coordinate those resources and services, rather than vertical management of the program. Such a course of action may well have us wondering, in five years, how the program lost its focus. Any mid-course corrections to the Job Training Partnership Program must be based on recognition of the appropriate federal, State and local roles.

TESTIMONY

OF

SHIRLEY THORNTON
DEPUTY SUPERINTENDENT
SPECIALIZED PROGRAMS BRANCH
CALIFORNIA STATE DEPARTMENT OF EDUCATION

SAN FRANCISCO

JULY 7, 1989

101st CONGRESS H.R. 2039

Good morning, my name is Shirley Thornton. I am the Deputy Superintendent of the Specialized Programs Branch of the California State Department of Education.

I come before you this morning to provide testimony to the effectiveness of the Job Training Partnership Act, and more specifically the way in which Title IIA eight percent monies have been utilized in the state of California.

Mr. Chairman, while we feel that we have been successful in the utilization of eight percent funds in California, we are most supportive of your efforts to ammend the JTPA Act to address the issues of targeting the funds to those most in need of employment and training services. Often we have found that the system emphasizes short term training and targets the participants who are easiest to place and neglects those youth and adults who are desperately in need of our services

The State Department of Education, through an interagency agreement with the Employment Development Department, receives approximately $14 million of federal funds annually to provide coordination and linkages between the educational delivery system and the job training system. Over the past seven years 80 million dollars of eight percent monies have been made available to benefit approximately 80,000 JTPA youth and adult participants in California. From the onset, the eight percent funds of the JTPA act have served as a catalyst to make local educational programs and services available to the economically disadvantaged participant. The annual distribution of eight percent monies to local education providers assures the provision of literacy skills training in basic education, GED (General Educational Development) preparation and ESL (English as a Second Language) classes. In conjunction with the State Job Training Coordinating Council the State Department of Education has targeted eight percent funds to identified groups and purposes. The original purpose was to provide training to the "most in need" disadvantaged individuals such as, the unemployed person with retraining and basic educational needs, youth, especially the school dropout and handicapped youth needing to transition to the world of work, persons on public assistance, and low income persons and those youth and adults wishing to return to school. In September of 1985 Greater Avenues for Independence (GAIN), or AB 2580 was passed and signed into law. GAIN required that, "in amount deemed necessary" by the Superintendent of Public Instruction, the eight percent funds be used to

serve GAIN participants' educational needs. In February 1986 the State Job Training Coordinating Council approved a policy that allocated 50 percent of the eight percent funds by formula to SDAs to provide basic skills and high school/GED preparation to GAIN participants. In the past three years over 22 million federal dollars from JTPA eight percent have been allocated to the 52 local Private Industry Councils to assist in the implementation of GAIN by providing for the educational needs for AFDC participants. Each of these federal dollars were matched by local and state general funds, for a total of nearly $50 million aimed at reducing illiteracy and providing basic education to welfare clients. Also, the prior successful implementation of GAIN will significantly contribute to the implementation of the federal JOBS welfare legislation

Another major initiative as outlined by the State Job Training Coordinating Council and the Department of Education has been to implement programs based on research on what works with youth. As a result of a State Job Training Coordinating Council Youth Subcommittee Report entitled "Tomorrow's Workers at Risk", the following components of successful youth programs have been identified.

1. Partnerships between government, business and education.
2. Effective identification and recruitment.
3. Assessment of aptitudes and skills.
4. Competency based training related to work (basic skills, pre-employment skills and work maturity skills).
5. Encouraging environment and feedback (counseling and guidance).
6. Strong capacity for job placement.
7. Contact and troubleshooting during and after on-site training.
8. Evaluation of long-term impacts and mechanisms for program adjustment.

These components were incorporated into the criteria for funding for the state competitive grant program -- all programs provided for these components, thereby fostering more effective youth services.

- Over the past five years over $20 million has been provided to approximately 400 school and community based organizations to fund program improvement and development projects related to the eight components of successful programs.

The message communicated about eight percent programs has had the same consistent theme. Policies for marketing youth programs emphasize keeping youth in school, reinforcing academic skills, building self esteem, providing preparation for employment and offering realistic and appropriate on-the-job training or work experience.

Recent (FY 89-90) priorities for the competitive grant process have been:

1. Literacy Training Combined with Job Specific Skills Training
2. Dropout Prevention and Reenrollment Services
3. Pregnant Teen and Teen Parenting Programs
4. Mentoring Programs
5. Compact Programs

The essence of eight percent funding is that it allows this part of the JTPA system to focus on longer term educational and job training programs which result in employment related competency attainment versus the emphasis on job placement, after a short and usually inadequate period of training.

The wisdom of Congress and the Department of Labor in making youth employability enhancement, which includes the attainment of competency in basic skills, preemployment/work maturity competencies, and job specific skills as appropriate outcomes for youth is now being revealed.

Our data reveals that the eight percent JTPA programs are assisting youth and GAIN participants in attaining their long term educational objectives and career goals.

In order to bring accountability to the eight percent programs, the Employability Competency System (ECS) was developed by the Comprehensive Adult Student Assessment System (CASAS), a consortium of over 40 local educational agencies in California. The ECS/CASAS uses valid and reliable assessment tools that measure competency deficiency, monitor progress and certify competency attainment for basic skills and preemployment/work maturity skills. The system also links the competency and assessment with curriculum materials.

What has happened because of this consistent application of the eight ingredients for successful programs and the targeting of services to GAIN participants and youth at risk? There was incentive for the educational community to become involved in the provision of services to JPTA participants. There has been the development of linkages between educational providers, service delivery areas, and county welfare departments, business and community. The partnerships have resulted in coordinated resources to further enhance educational and employment preparation services to adults and youth at risk and the increased accountability of these services.

Mr. Chairman, to take the opposite tack, without the JTPA eight percent set aside a great number of very valuable educational programs for JTPA participants would have either not been developed or these programs would not have been as effective. The eight percent set aside has been the catalyst for the involvement, linkage, and coordination of the entire educational community with the job training system. It would be catastrophic to eliminate this incentive and would result in the reduction or cancellation of many fine programs in California.

NATIONAL
ASSOCIATION
of
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STATMENT OF

THE HONORABLE ANN KLINGER

SUPERVISOR

BOARD OF COUNTY SUPERVISORS

MERCED COUNTY, CALIFORNIA

ON BEHALF OF THE

NATIONAL ASSOCIATION OF COUNTIES

BEFORE THE

HOUSE EDUCATION AND LABOR COMMITTEE

ON THE

JOB TRAINING PARTNERSHIP ACT AMENDMENTS, H.R.2039

SAN FRANCISCO, CALIFORNIA

JULY 7, 1989

THANK YOU FOR THE OPPORTUNITY TO TESTIFY MR. CHAIRMAN. I AM ANN KLINGER, SUPERVISOR IN MERCED COUNTY AND PRESIDENT ELECT OF THE NATIONAL ASSOCIATION OF COUNTIES.* I AM PLEASED TO APPEAR BEFORE THIS DISTINGUISHED COMMITTEE TO PRESENT THE VIEWS OF OUR NATION'S COUNTIES ON H.R.2039, THE JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989. HOWEVER, BEFORE I DO, LET ME SAY THAT I WOULD BE REMISS IF I DIDN'T MENTION THAT COUNTY OFFICIALS IN CALIFORNIA AND ACROSS THE NATION ARE VERY PROUD OF THE STRONG LEADERSHIP YOU HAVE PROVIDED OVER THE YEARS IN EDUCATION, JOB TRAINING AND LABOR RELATIONS. BECAUSE OF YOUR EFFECTIVE LEADERSHIP THE JOB TRAINING PARTNERSHIP ACT IS A REALITY. WE NOW HAVE IN PLACE A PERMANENT JOB TRAINING DELIVERY SYSTEM THAT IS HELPING NEEDY RESIDENTS IN OUR COMMUNITIES TO MAKE THE TRANSITION FROM DEPENDENCY TO SELF-SUFFICIENCY.

IN OUR COLLECTIVE VIEW, JTPA IS DOING WHAT IT WAS DESIGNED TO DO-- HELPING ECONOMICALLY DISADVANTAGED INDIVIDUALS PREPARE FOR AND FIND MEANINGFUL JOBS. THIS IS NOT TO SAY THAT THE PROGRAM CAN NOT BE IMPROVED. WE BELIEVE IT CAN AND SHOULD BE

*ESTABLISHED IN 1935, THE NATIONAL ASSOCIATION OF COUNTIES IS THE ONLY NATIONAL ORGANIZATION REPRESENTING COUNTY GOVERNMENT IN THE UNITED STATES. THROUGH ITS MEMBERSHIP, URBAN, SUBURBAN AND RURAL COUNTIES JOIN TOGETHER TO BUILD EFFECTIVE RESPONSIVE COUNTY GOVERNMENT. THE GOALS OF THE ORGANIZATION ARE TO: IMPROVE COUNTY GOVERNMENT; SERVE AS THE NATIONAL SPOKESMAN FOR COUNTY GOVERNMENT; ACT AS A LIAISON BETWEEN THE NATION'S COUNTIES AND OTHER LEVELS OF GOVERNMENT; ACHIEVE PUBLIC UNDERSTANDING OF THE ROLE OF COUNTIES IN THE FEDERAL SYSTEM.

IMPROVED BY BUILDING ON THE SUCCESSFUL EXPERIENCE WE HAVE HAD OVER THE LAST SEVERAL YEARS. IN MANY RESPECTS, THE AMENDMENTS THAT YOU HAVE CAREFULLY CRAFTED WILL DO JUST THAT. WHILE WE DO NOT AGREE WITH ALL OF THE PROPOSED CHANGES IN THE BILL, WE GENERALLY AGREE IN PRINCIPLE WITH THE OBJECTIVES THAT THIS LEGISLATION SETS OUT TO ACCOMPLISH.

DISTRIBUTION FORMULA

TO BETTER TARGET FUNDS TO THOSE MOST IN NEED, YOUR AMENDMENTS WOULD CHANGE THE DISTRIBUTION FORMULA SO THAT MORE FUNDS WOULD BE DISTRIBUTED TO STATES AND LOCALITIES ON THE BASIS OF THEIR RELATIVE SHARE OF THE ECONOMICALLY DISADVANTAGED POPULATION. THIS CHANGE WOULD ONLY APPLY TO THE YOUTH PROGRAMS. WE AGREE IN PRINCIPLE THAT FUNDS SHOULD BE ALLOCATED ON THE BASIS OF THE NUMBER OF ELIGIBLE CLIENTS. THIS CHANGE SEEMS TO MAKE A LOT OF SENSE, PARTICULARLY WHEN YOU CONSIDER THE FACT THAT THE ELIGIBILITY CRITERIA REQUIRES 90 PERCENT OF THE PARTICIPANTS TO BE ECONOMICALLY DISADVANTAGED. IN THE PRACTICAL WORLD HOWEVER, THE DATA BASE FOR ECONOMICALLY DISADVANTAGED INDIVIDUALS IS BASED ON TEN-YEAR OLD INFORMATION. CONSEQUENTLY, WE CAN NEVER BE SURE THAT FUNDS WOULD BE DISTRIBUTED TO AREAS WITH HIGHER CONCENTRATIONS OF ELIGIBLE CLIENTS UNTIL MORE ACCURATE AND CURRENT DATA ARE AVAILABLE.

BEFORE ANY CHANGES ARE ADOPTED IN THE DISTRIBUTION FORMULA, WE URGE THE COMMITTEE TO WORK TOWARDS ESTABLISHING A

MORE ACCURATE DATA BASE THAT REFLECTS CURRENT POPULATION DEMOGRAPHICS. WE WOULD FURTHER URGE THAT ANY FORMULA CHANGE PROVIDE EQUITABLE FUNDING TO ALL AREAS IN ORDER TO ENSURE ACCESS TO SERVICES FOR ELIGIBLE CLIENTS IN URBAN, SUBURBAN AND RURAL COMMUNITIES.

COSTS LIMITATIONS

ONE OF THE POSITIVE FEATURES OF THIS BILL IS THAT IT RECOGNIZES THE HIGHER COSTS ASSOCIATED WITH TRAINING THOSE WHO ARE MOST IN NEED. THE BILL WOULD INCREASE THE AUTHORIZATION LEVELS FOR THE YOUTH AND ADULT PROGRAMS. IT WOULD ALSO INCREASE THE AMOUNT OF FUNDS THAT CAN BE SPENT ON SUPPORTIVE SERVICES. ANY SERIOUS ATTEMPT TO TRAIN THOSE WITH GREATER NEEDS MUST BE SUPPORTED BY AN INCREASE IN FUNDS FOR TRAINING AND SUPPORTIVE SERVICES. ALTHOUGH THE INCREASES CALLED FOR IN THE BILL ARE VERY MODEST, WE COMMEND YOU FOR RECOGNIZING THIS NEED AND URGE YOU TO CONTINUE TO WORK FOR SUFFICIENT FUNDING.

PERFORMANCE STANDARDS

ANOTHER POSITIVE FEATURE OF THE BILL IS THE CHANGES CALLED FOR IN THE PERFORMANCE STANDARDS. THE ATTAINMENT OF A BASIC EDUCATION AND EMPLOYABILITY ENHANCEMENT SKILLS WOULD BE VIEWED AS POSITIVE OUTCOMES FOR ADULTS. WE BELIEVE THIS WILL FURTHER ENCOURAGE LOCAL AREAS TO PROVIDE MORE SERVICES TO THOSE WHO ARE MOST IN NEED. TO HELP THESE INDIVIDUALS OBTAIN LONG-TERM

EMPLOYMENT, PERFORMANCE STANDARDS MUST ALLOW FOR ADJUSTMENTS THAT RECOGNIZE THE BARRIERS THAT MUST BE REMOVED IN ORDER FOR THESE INDIVIDUALS TO OBTAIN EMPLOYMENT. THESE INCLUDE BASIC SKILL DEFICIENCIES, LONG-TERM WELFARE DEPENDENCY, POOR WORK HISTORY, THE LACK OF TRANSPORTATION, CHILD CARE, MEDICAL CARE AND TEEN PREGNANCY. AS WE HELP INDIVIDUALS TO OVERCOME THESE BARRIERS, WE WILL BE ABLE TO TAKE CREDIT FOR THEIR POSITIVE MOVEMENT TOWARDS EMPLOYMENT.

SEPARATE YOUTH PROGRAM

WE SUPPORT COMBINING OF ALL YOUTH ACTIVITIES UNDER ONE TITLE TO ADDRESS THE EMPLOYMENT AND TRAINING NEEDS OF ECONOMICALLY DISADVANTAGED YOUTH. UNDER H.R.2039, A NEW YEAR-ROUND YOUTH PROGRAM WOULD BE ESTABLISHED AND THE SUMMER YOUTH PROGRAM WOULD BE RETAINED SEPARATELY. WE BELIEVE ALL YOUTH ACTIVITIES COULD BE BETTER COORDINATED UNDER A SINGLE PROGRAM. THIS WOULD REDUCE REPORTING AND RECORD KEEPING REQUIREMENTS, AND THE RELATED ADMINISTRATIVE COSTS.

PIC COMPOSITION

WE COMMEND YOU MR. CHAIRMAN FOR NOT PROPOSING ANY CHANGES IN THE PRIVATE INDUSTRY COUNCIL. THE PUBLIC-PRIVATE PARTNERSHIP ESTABLISHED THROUGH THE PIC IS ONE OF THE MOST SUCCESSFUL FEATURES OF THE JTPA PROGRAM. LOCAL AREAS NOW HAVE THE FLEXIBILITY TO APPOINT MEMBERS FROM THE BUSINESS COMMUNITY, LABOR

GROUPS, PUBLIC AGENCIES AND COMMUNITY ORGANIZATIONS BASED ON THEIR LOCAL NEEDS. WE WOULD NOT LIKE TO SEE ANY MANDATORY CHANGES IN THE PIC COMPOSITION.

CLIENT ELIGIBILITY

UNDER THE PROPOSED LEGISLATION, CLIENT ELIGIBILITY WOULD BE CHANGED TO REQUIRE 50 PERCENT OF THE ADULT PARTICIPANTS TO BE ECONOMICALLY DISADVANTAGED AND HAVE EITHER (1) A DEFICIENCY IN READING OR MATH SKILLS, OR (2) A HISTORY OF LONG-TERM DEPENDENCY ON WELFARE OR (3) A POOR WORK HISTORY. FOR THE YEAR-ROUND YOUTH PROGRAM, 50 PERCENT OF THE CLIENTS MUST BE OUT OF SCHOOL, WITH PRIORITY GIVEN TO DROPOUTS. WE BELIEVE IT WOULD BE A SERIOUS MISTAKE TO RESTRICT ELIGIBILITY TO THE FEW TARGET GROUPS IDENTIFIED IN THE PROPOSED LEGISLATION. ELIGIBILITY SHOULD REMAIN OPEN TO ALL ECONOMICALLY DISADVANTAGED INDIVIDUALS. LOCAL AREAS SHOULD BE ENCOURAGED TO WORK THROUGH THE PIC AND LOCAL ELECTED OFFICIALS IN ESTABLISHING TARGET GROUPS BASED ON LOCAL DEMOGRAPHICS.

OUR MAIN CONCERN MR. CHAIRMAN, IS WE DON'T WANT TO LIMIT OUR ABILITY TO RESPOND TO THE BROAD VARIETY OF NEEDY INDIVIDUALS IN OUR STATES AND COUNTIES. QUITE FRANKLY, WE FEEL THAT YOUTH AND ADULTS COME TO THE JTPA PROGRAM BECAUSE THEY ARE NOT SUCCESSFUL IN FINDING A JOB ON THEIR OWN. WE DON'T BELIEVE A CHANGE IN THE ELIGIBILITY CRITERIA WILL CHANGE THE POPULATION THAT APPLIES FOR SERVICES. CLIENTS USUALLY KNOW THAT WE RUN A

GOVERNMENT-FINANCED EMPLOYMENT AND TRAINING PROGRAM AND THEY COME TO US AS A LAST RESORT, NOT AS A FIRST OPTION. WE WOULD LIKE TO BE ABLE TO HELP AS MANY OF THESE INDIVIDUALS AS WE CAN.

IN MERCED COUNTY OUR YOUTH FUNDS ARE EXTREMELY LIMITED. OUR PIC FEELS THAT THESE FUNDS CAN BEST BE UTILIZED BY FOCUSING ON PREVENTIVE AND INTERVENTION STRATEGIES THAT ENCOURAGE OUR YOUNG PEOPLE TO COMPLETE HIGH SCHOOL. THIS YEAR, 32 PERCENT OF 423 YOUTHS SERVED WERE DROPOUTS. THE SAME PERCENT WERE GRADUATES. THE BALANCE WERE AT RISK OF DROPPING OUT AND WE WORKED WITH THEM IN ALTERNATIVE SCHOOLS TO ASSIST THEM IN GETTING THEIR G.E.D. OR DIPLOMA. THE PIC WANTS TO INCREASE OUR PREVENTIVE PROGRAMS BUT THAT MAY NOT BE POSSIBLE IF WE ARE REQUIRED TO PROVIDE SERVICES TO 50 PERCENT DROPOUTS.

PERFORMANCE-BASED CONTRACTS

THE AMENDMENTS WOULD ELIMINATE THE FLEXIBILITY THAT WE NOW HAVE TO USE PERFORMANCE-BASED CONTRACTS. BECAUSE OF REPORTED ABUSES IN ON-THE-JOB TRAINING CONTRACTS, AND A FEW ISOLATED CASES OF EXCESS REVENUES GENERATED FROM THE USE OF JTPA FUNDS THROUGH PERFORMANCE BASED CONTRACTS, THE AMENDMENTS WILL REQUIRE DETAILED REPORTING AND RECORD KEEPING . THIS WILL ELIMINATE PERFORMANCE BASED CONTRACTING, WHICH CURRENTLY ALLOWS LOCAL AREAS TO PAY SERVICE PROVIDERS ON THE BASIS OF JOB PLACEMENTS WITHOUT THE BURDENS OF EXTENSIVE REPORTING AND PAPER WORK REQUIREMENTS. WE

FEEL THAT THE SYSTEM CAN BE CORRECTED WITHOUT ELIMINATING PERFORMANCE BASED CONTRACTING. THE U.S. DEPARTMENT OF LABOR HAS PROVIDED SOME POLICY GUIDANCE WHICH ADDRESS MANY OF THE PROBLEMS IN THIS AREA. WE SUPPORT THE LABOR DEPARTMENTS POLICY AND WE WOULD FURTHER URGE THE FOLLOWING:

- FIXED UNIT PRICE, PERFORMANCE-BASED CONTRACTING SHOULD BE MAINTAINED EXCEPT FOR ON-THE-JOB TRAINING WHERE A THIRD PARTY CONTRACTOR IS INVOLVED. IN THOSE CASES, A COST REIMBURSEMENT PERFORMANCE-BASED CONTRACTING PROCEDURE IS RECOMMENDED.

- EXCESS REVENUES GENERATED FROM THE USE OF JTPA FUNDS THROUGH FIXED UNIT PRICE, PERFORMANCE-BASED CONTRACTS BY GOVERNMENTAL OR PRIVATE NONPROFIT ORGANIZATIONS SHOULD BE CLASSIFIED AS PROGRAM INCOME IN ACCORDANCE WITH APPROPRIATE JTPA REGULATIONS REGARDING PROGRAM INCOME. THE CONTRACTORS SHOULD IDENTIFY EXCESS REVENUES AND REPORT HOW THOSE REVENUES ARE TO BE UTILIZED.

- PERFORMANCE-BASED CONTRACTS UNDER JTPA WITH PRIVATE-FOR-PROFIT AGENCIES MUST BE DONE IN ACCORDANCE WITH A FEDERAL OR STATE APPROVED PROCUREMENT SYSTEM, WHICH WILL INCLUDE A COST ANALYSIS SURVEY.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY MR. CHAIRMAN. THAT CONCLUDES MY TESTIMONY AND I WOULD BE HAPPY TO ANSWER ANY QUESTIONS AT THE APPROPRIATE TIME.

TESTIMONY PRESENTED TO CONGRESSMAN
AUGUSTUS HAWKINS JULY 7, 1989

My name is Robin Purdy. I am here today to provide testimony on proposed amendments to the Job Training Partnership Act. I represent Wider Opportunities for Women, a national women's employment program and the Sacramento Employment and Training Agency, which is the Service Delivery Area for JTPA in Sacramento County. I am also a former Director of a community based organization which operates on-the-job training and non-traditional training programs for women.

My comments today incorporate input I have received on JTPA from the women's employment programs that are affiliates of Wider Opportunities for Women and the results of a public hearing on JTPA conducted by the Sacramento Employment and Training Agency which included input from community based organizations, school districts and government entities.

In Sacramento County, as in most of California, the people most likely to be in poverty are women, minorities, limited English speakers, and high school dropouts. These are also the people who are enrolled in the Job Training Partnership Act Programs. As in many parts of the nation, the unemployment rate in our County is decreasing and the poverty rate is increasing. This means that the number of people who are actively seeking work and who have the skills to successfully compete in the labor market is on the decrease and the number of people who have barriers to employment and who cannot successfully compete in the labor market is on the increase. It means that we who work in Job Training Partnership Act programs must work harder to recruit, train and place the discouraged, the unskilled, and the high risk participant who may never have held a job. It means we must providing English language training, the basic skills and remedial education training, and occupational skills training. We must serve the hardest to serve and provide them with the skills that are necessary to transition to the labor market.

To increase the ability of programs funded by JTPA to train and place these high risk participants, JTPA should be amended in the following ways:

1. A higher cost per placement should be permitted for programs which train and place high risk participants. This concept is being successfully implemented for high risk youth in California, but counseling services, remediation, English language skills, pre-employment/work maturity skills and support services are just as necessary for adults in JTPA as they are for youth.

2. Self-esteem curriculum, life skills training, and mentor/tutor programs should be an integral part of the program design for serving high risk participants. This means longer training programs which will, of course, cost more.

3. Work experience, when combined with remedial education, English as a second language, or occupational skills training, should be 100% chargeable to the training cost category. This activity provides an extended classroom for basic education and teaches participants valuable work maturity and occupational skills. In addition, the work experience activity should be continued as an integral part of the Summer Youth Employment Program.

4. The percentage of funds allocated to the support cost category should be increased to 25% and training stipends should be allowed for participants enrolled in JTPA programs. The cost of assessment and counseling, which can be very expensive for high risk participants, should continue to be allocated 100% to the training cost category.

5. Basic skills competencies and job specific skills competencies should be reported and evaluated as a positive terminations from JTPA for adults.

6. Women should be encouraged to seek training and employment in non-traditional fields of work. Despite the Equal Pay Act and the anti-discrimination laws enacted in the 1960's, women in this country still earn only 70% of what men earn. The main reason for this wage gap is that men and women work at different jobs. To break down occupational segregation in the workplace, JTPA should be amended to include the Non-Traditional Employment for Women Act. This would require service delivery areas and States to include goals for training and placing women in non-traditional jobs and would create demonstration programs to train women for non-traditional employment.

7. Fixed Unit Price contracts should continue to be used in JTPA. This contracting method, when used appropriately, emphasizes the attainment of specific and measurable objectives, and insures greater accountability to contracted goals. It also provides an incentive to program operators who meet their goals. Elimination of the incentives for fixed unit price contracts may result in lower performance levels in JTPA, and weaker management and fiscal controls because of limits on administrative costs.

8. The percent allocated to the administrative cost category should be increased to at least 20% to allow SDA's and program operators serving high risk participants the funds necessary to successfully manage cost reimbursement contracts.

PUBLIC TESTIMONY

REAUTHORIZATION OF THE JOB TRAINING PARTNERSHIP ACT

NOVEMBER 30, 1988

PRESENTED BY:

PRIVATE INDUSTRY COUNCIL
SACRAMENTO EMPLOYMENT AND TRAINING AGENCY
1510 J STREET
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PRIVATE INDUSTRY COUNCIL CHAIR: TRISHA STANIONIS

INTRODUCTION

The Sacramento Employment and Training Agency (SETA) is a Joint Powers Agency created in 1978 by the Sacramento County Board of Superiors and the Sacramento City Council to provide and administer social service programs. SETA is the administrator of the Federal Job Training Partnership Act employment and training program, the Community Action Agency of the Community Services Block Grant program, the Grantee of the Head Start program, and grant administrator of the Refugee programs funded by the U.S. Department of Health and Human Services and the provider of employment services for the Greater Avenues for Independence (GAIN) program. SETA administers an annual budget of over $17,000,000 and contracts with 40 educational institutions, community-based organizations, private proprietary institutions, and mutual assistance associations to provide employment and training, child development, and social service programs. SETA feels uniquely qualified to present testimony on the Job Training Partnership Act because of our experience and knowledge of social services programs for low income persons. SETA's reputation for sound programs and for strong administrative capabilities was the impetus to request that the Sacramento community present their comments on issues related to the future quality and effectiveness of the Job Training Partnership Act program.

On November 30, 1988, the Private Industry Council of the Sacramento Employment and Training Agency (SETA) held a public hearing to receive testimony from interested parties on issues related to the future quality and effectiveness of the Job Training Partnership Act. The objective of this public hearing was to develop recommendations to enhance the quality and effectiveness of the JTPA program and to assist SETA in building a coherent local human resource delivery system. The community responded to the efforts of SETA by presenting a broad range of recommendations and comments regarding the quality and effectiveness of the JTPA program. The list of presenters indicates that Sacramento's community of human services providers are very interested in the future of the Job Training Partnership Act. There were four general areas of comments presented:

- Whom should the program serve?
- What services should be provided and how can the quality of services be improved?
- How can the management tools used in the program be enhanced?
- Should JTPA be coordinated more closely with non-JTPA services and serve

other national priorities? Should the public-private partnership under JTPA be broadened?

The following people provided testimony to the Private Industry Council on reauthorization of the Job Training Partnership Act.

Mary Irwin, representing Community Services Planning Council an agency which undertakes studies of community issues and proposed solutions to social, health, and educational problems, and which maintains the Human Services Information System, a data base of human service related statistics and prepares reports based on the data and community conditions.

Tim Johnson, representing City of Sacramento, Office of Economic Development which recruits businesses to Sacramento, coordinates the Business Response Team to provide information on tax incentives and public sector employment assistance, and assist new businesses in relocating to Sacramento.

Program Operators Association, which includes all SETA funded program operators, and which interprets state and federal policies, makes recommendation on program delivery systems and policies to the SDA, and provides technical assistance to program operators. The Program Operators Association was represented by the following program operators.

Merle Padilla, representing San Juan Unified School District, a large school district in Northeast Sacramento County.

Ted Canty representing United Christian Centers, a community-based organization providing a wide range of social services to children, teenagers, adults and senior citizens.

May Lee representing Asian Resources, Inc., which provides pre-vocational English classroom training, work experience and on-the-job training for limited English speaking immigrants and refugees.

Oralia Bermudez, representing La Familia Counseling Center, which provides bilingual counseling services, gang diversion programs, employment programs,

child abuse prevention programs, and programs for high risk youth.

Ted Scott representing Enterprise Zone Job Bank which is funded by the Sacramento Housing and Redevelopment Agency to assist in matching employers and residents of high density unemployment areas of Sacramento County.

Ellsworth Davis, Jr. representing Grant Joint Union High School District, a school district located in North Sacramento which has a high number of economically disadvantaged students.

Ida Sydnor representing Black Sacramento Christian Club Organizers, a community-based organization providing computer programming and operations and remedial education services to youth and adults.

Donna Bettencourt representing Sacramento Vocational Services a community-based organization which provides employment services to youth and adults with handicaps, primarily those with developmental disabilities.

Mike Hurley representing Veterans Employment and Training Services, Department of Labor, which provides technical assistance in implementing job training programs for veterans.

David Montague representing Sacramento County Office of Education Regional Occupation Program, which provides occupational skills training to youth and adults in Sacramento County.

Jan Bielby representing California Human Development Corporation which provides job training programs for seniors.

Verna Dykstra representing Area 4 Agency on Aging which plans and coordinates programs and services for older persons and administers the Community Services Employment Program, Title V of the Older American's Act.

George Dean representing Sacramento Urban League a community-based organization which provides counseling, employment services, public education and equal opportunity conferences.

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Written comments were received from Eugenia Olson, Estrellita High School, Galt Joint Union High School District, a rural school district in the south of Sacramento County.

OVERVIEW OF THE SACRAMENTO ECONOMY

Sacramento County has experienced growth in population and jobs in the last five years and current projections show continued growth through the year 2000. The estimated County population increase by the year 2000 is a 51% increase over the 1980 population and jobs, especially in the service industry, retail trade, government, and the construction industry will continue to expand.

While there is an increase in the people and jobs projected to the year 2000, there has been, and will continue to be, an increase in the number of people in Sacramento County living in poverty. The Sacramento Metropolitan Area currently has a poverty rate of 18.5%, which is the highest poverty rate of all metropolitan areas in the state. As of January, 1988, 26% of the children in Sacramento County lived in families which received public assistance.

The high poverty rate in Sacramento County is caused by several factors, including:

* High housing costs in the San Francisco Bay Area are forcing many low income people to move to the Sacramento area.

* Of all the new jobs created in the 1980's three-quarters were in the two lowest paying sectors of the economy, and one-half were temporary or part-time with no benefits or health care coverage.

* Wages for unskilled and semi-skilled workers in the Sacramento area are 8-10% lower than other metropolitan areas on the West coast. A single parent with one child living in Sacramento County who works full time at minimum wage, still makes less than the poverty level.

* Many Sacramento residents do not have sufficient English language skills to compete for jobs in the Sacramento economy. The Southeast Asian refugee population in Sacramento County increased 25.9% between October, 1986 and

September, 1987 and Sacramento has traditionally had a large Spanish-speaking monolingual community.

* Students, especially minority students, continue to drop out of school and growing numbers of those who do remain in school show unsatisfactory academic achievement.

Who Should JTPA Serve?

Sacramento City and County have utilized Job Training Partnership Act funds to assist the growing numbers of low-income people in Sacramento by providing training and job placement services. In program year 1987-88, 49% of youth enrolled in JTPA entered employment and 84% of youth were terminated to either employment or attainment of employability enhancement skills. The percentage of the adult participants entering employment upon completion of training was 72% at an average wage of $5.71. Of the adults who were receiving public assistance when enrolled in the program, 65% terminated to employment.

The Job Training Partnership Act mandates that 90% of the funds are used to serve economically-disadvantaged participants and, for the last two years, 98% of the participants enrolled in SETA programs have been economically disadvantaged. Additionally, 75% of the participants in JTPA programs have lived in geographic areas targeted for services by the City and County of Sacramento. The population served by SETA over the last year is 63% female, 57% ethnic minorities (26% Black, 16% Hispanic, 13% Asian/Pacific Islander, and 2% Native American), 48% public assistance recipients, 53% youth, and 24% high school drop-outs.

The unemployment rate for Sacramento County has dropped to 4.7% as of October, 1988. This, combined with the increase of the number of people in Sacramento living in poverty, means that Sacramento County is running out of people who are actively seeking work and who have the skills to successfully compete in the labor market. It means that we who work in Job Training Partnership Act programs will be called on to recruit the discouraged, the unskilled, the "high-risk" participant who may never have held a job, and we must design and implement programs which provide comprehensive employment and training services as well as job placement services. We must provide English language skills training, basic skills/remedial education

training, and occupational skills training. We must serve the hardest to serve in our labor market and provide them with the skills that are necessary to transition to the Sacramento labor market.

Recommendations:

1. Change national, state and local policy to incorporate the concept of "high-risk" participants. This has been successfully implemented in programs serving youth in California using the following definition: A "high-risk youth" is a youth who has been determined to have two or more of the following characteristics:

   - dropout
   - potential drop-out
   - functionally illiterate
   - handicapped
   - homeless
   - offender
   - teenage pregnancy
   - teen parent
   - drug abuse
   - racial/ethnic minority
   - court ordered placement

   The testimony presented to the Private Industry Council and our experience locally indicates that "high risk" factors are not age-related. Counseling services, basic skills/remediation, English language skills, pre-employment and work maturity skills and support services are just as necessary for adults in JTPA as they are for youth.

   Therefore, we recommend a definition of a "high-risk adult" which would be any adult who has been determined to have two or more of the following characteristics.

   - school drop-out
   - functionally illiterate or limited English speaking
   - homeless

- handicapped
- public assistance recipient
- offender
- single parent
- displaced homemaker
- racial or ethnic minority
- older worker

2. Develop separate performance standards for "high-risk" participants to encourage SDA's to design and implement programs for hard to serve populations. These performance standards must allow for designs that allow longer training at higher costs than presently allowed in performance standard calculations.

3. Provide incentives to SDA's to include self-esteem curriculum, life skills training, and mentor programs in the design for youth and adult programs to insure successful transition to employment. This recommendation can be accomplished by increasing the cost per entered employment for adults and the cost per positive termination for youth.

What Services Should be Provided and How can the Quality of Services be Improved?

Currently SETA provides a wide range of training activities which includes occupational skills training, exemplary youth programs, pre-employment and work maturity skills training, and English language skills training. In Program Year 1987-88, SETA implemented remedial education/basic skills training as an activity which could be combined with occupational skills training. Presenters at the public hearing felt strongly that remediation must be a key ingredient to the Job Training Partnership Act, but noted that the addition of remedial education as an activity increases the length and cost of training. Presenters also testified to the need for positive outcomes for adults other than "entered employment", because a significant number of adults are not able to complete JTPA training programs and enter employment because of insufficient basic skills, work maturity skills and job specific skills. The requirement that all adults enter employment as the only positive termination from JTPA precludes all but the "nearly employable" participants. Participants with significant barriers to employment, i.e., English

language or academic deficiencies, long term unemployed, or offenders, are likely not to benefit from existing allowable training activities.

Presenters also stressed that many participants have no means of financial support while they take part in JTPA training programs. This barrier, when combined with recommendations to increase the length of training for participants who have multiple barriers to employment, increases the possibility of non-completion and negative termination. One way to provide participants with income during participation is to combine remedial education or classroom training with a part-time work experience activity. Work experience, however, is assigned to the support cost category (combined with all economic development and support services costs) and is prohibited from being contracted for on a fixed-unit price basis.

Recommendations:

1. Change the Act to identify work experience as a training activity.

2. Change the Act to allow a stipend to be paid to participants enrolled in occupational skills training and increase the percentage of funds allocated to the support cost category (as was done in Title III Amendments).

3. Amend the Act to allow positive terminations for adults who attain basic skills competencies and job specific skills competencies and institute a positive termination rate and cost per positive termination performance standard for adults.

4. Adjust the factors on the performance standards for adult entered employment rate and cost per entered employment to allow SDA's the opportunity to provide comprehensive services.

How can Management Tools used in the Program be Enhanced?

The two-year Job Training Plan and the Performance Standards are the management tools used in Job Training Partnership Act to design a program which matches the needs of the participants. The Act mandates the development of a two-year plan, however, funds are allocated on an annual basis and performance standards are

calculated annually. The annual allocation and performance standard calculation pressures SDA's into operating short term programs which train and place participants by the end of each fiscal year.

Recommendations:

To ensure compliance with the intent of the Act and allowing for two year program planning, presenters recommended the following policy changes:

1. Calculate performance standards on a two-year basis.

2. Allocate JTPA funds for a two-year period,

3. Encourage training activities designed for a two-year period,

4. Fund program operators for a two-year period,

Should JTPA be coordinated more closely with non-JTPA services and serve other national priorities? Should the public-private partnership under JTPA be broadened?

Coordination between all agencies involved in preparing people for the labor force is essential for the success of the Job Training Partnership Act. The increased emphasis on the role of the private sector in JTPA has successfully provided leadership and support from local employers.

Recommendations:

1. National legislation for education programs and welfare reform should include coordination with Job Training Partnership Act agencies specifically in the areas of basic skills training, support services, labor market needs assessment, and occupational skills training.

2. Training and technical assistance on employment and training programs for "high-risk" populations should be provide nationwide, statewide and locally.

Local Coordination Issues:

Sacramento County has a significant number of funding sources which provide a wide variety of human services. None of these funders can provide the comprehensive social services which are needed to insure self-sufficiency for all economically disadvantaged people in the County, and legislative requirements often hinder coordination between funding agencies.

Recommendation:

1. Develop countywide guidelines which clearly identify organizational links and which encourage coordination and leveraging of funds.

2. Develop an ongoing coordinated effort among all appropriate agencies in this community to plan and implement innovative ways of abating the unemployment and social service problems on a county-wide basis.

3. Develop linkage with Community Information Center to provide up to date planning.

4. Establish a case management unit within SETA.

5. Establish an on-going relationship with Community Services Planning Council.

6. Establish an on-going relationship with the Business Response Team of the City of Sacramento Office of Economic Development.

7. Take an active role in coordinating county linkages.

8. Support the Housing and Redevelopment Agency efforts to increase the Enterprise Zone areas.

9. Implement coordination with Sacramento County Regional Occupation Program by funding competency, mentoring, or ancillary services with JTPA funds and linking those programs with occupational skills training funded by R.O.P.

10. Continue to coordinate services with Title V of the Older American Act, the Senior Community Service Employment Program.

11. Increase the representation on the Private Industry Council to include a representative of veterans.

THE NONTRADITIONAL EMPLOYMENT FOR WOMEN ACT (S.975)

Sponsor: Senator Howard M. Metzenbaum (D-Ohio)
Co-Sponsors: Senator Orrin Hatch (R-Utah)
Senator Claiborne Pell (D-Rhode Island)
Senator Nancy Kassebaum (R-Kansas)
Senator Edward M. Kennedy (D-Massachusetts)

Purpose: To encourage greater efforts to train and place women in nontraditional employment through the Job Training Partnership Act.

Planning and Reporting Requirements: The NEW Act requires states and service delivery areas to set goals for training and placing women in fields traditionally dominated by men, and to report on results.

Review: The State Job Training Coordinating Council is directed to review the planning and reporting activities of the Governor and the service delivery areas, to make recommendations for future activities, and to disseminate information on successful approaches to training and placing women in nontraditional fields of employment.

Coordination: Governors and State Job Training Coordinating Councils are directed to coordinate between the Job Training Partnership Act and the Carl D. Perkins Vocational Education Act with respect to efforts to train and place women in nontraditional employment.

Demonstration Programs: A four-year demonstration program is established to aid in developing programs to train and place women in nontraditional employment. The Secretary of Labor is directed to make grants totalling $1.5 million annually out of existing funds, with funds going to not more than six states per year. Governors may then use the funds to (1) award grants to service providers to train women for nontraditional employment, and/or (2) award grants to service delivery areas on the basis of exceptional performance in training, placing, and retaining women in nontraditional employment.

Evaluation: The Secretary of Labor is directed to report to Congress on the efforts made at the federal, State, and local levels to train, place, and retain women in nontraditional fields of employment, together with recommendations for legislative and administrative changes necessary to increase nontraditional training opportunities for women under JTPA.

Bill Status: Introduced May 11, 1989; Referred to Committee on Labor and Human Resources; Hearing scheduled for June 8, 1989.

The Nontraditional Employment for Women Act:

A Step Forward for Women in the Job Training Partnership Act

Testimony by Cynthia Marano, Executive Director of Wider Opportunities for Women, Inc., before the Senate Labor and Human Resources Committee

June 8, 1989

I am Cynthia Marano, Executive Director of Wider Opportunities for Women (WOW), a non-profit national women's organization which works to create systemic change in employment policies, programs and practices to ensure economic independence and equality of opportunity for women. Since 1964, WOW has provided outreach, career counseling, skill training, educational assistance, job development and job placement to more than 8,000 women in the Washington, DC metropolitan area. Since 1977, WOW's training has focused on nontraditional occupations, including waste water treatment, engine mechanics, the construction trades, electromechanics, and building maintenance and repair. WOW also provides leadership to a national network of more than 450 community women's employment and training providers and advocates interested in expanding women's employment options. The Network covers 48 states and extends services to more than 300,000 women each year who seek to improve their employment opportunities and economic status. Approximately one-third of the programs in our Network are designed to assist women and girls gain access to nontraditional employment.

I am particularly pleased to be here today to testify before the Senate Labor Subcommittee on S.975, the Nontraditional Employment for Women Act (NEW). WOW applauds the initiative taken by Senators Metzenbaum, Hatch and other co-sponsors of this bill and looks forward to working with the Committee to gain

support for and passage of S.975. The NEW Act will be a significant step forward in efforts to reduce occupational segregation by sex, thereby increasing women's chances for economic independence. WOW sees this bill as a signal that Congress is committed to preparing women and girls for the workforce of the future and recognizes that nontraditional work is one critical strategy.

Female Poverty

As the Committee is well aware, one of the most alarming trends of the past decade has been the growing impoverishment of women and their families, also known as the "feminization of poverty." Sixty percent of all Americans age 16 and over who have incomes below the poverty level are women. The poverty rate for families maintained by single women is 35% -- almost six times the poverty rate for married couple families. And, although female-headed families comprise only 17% of all families, they represent more than half (51.5%) of America's families in poverty.

The feminization of poverty is not limited to women who are unemployed or recipients of welfare; women face increased poverty in spite of increased employment. Over the past two decades, the U.S. has witnessed a tremendous and unprecedented influx of women into the paid workforce. Between 1975 and 1984, however, women

disproportionately entered the labor force as low-wage workers. In a recent study, Dr. Diana Pearce of the Women and Poverty Project found that while 10% more women became workers, of this net increase, 60% entered as low-wage workers.

Single mothers with children less than six years old, both increased their employment most of any group and were the most likely to become low-wage workers. Four and a half million women employed in the American workforce did not earn enough to bring them out of poverty. In 1988, the Senate Budget Committee found that 43% of women in the labor force were employed in jobs that pay below poverty level wages for a family of four, compared with only 27% of men. Two-thirds of minimum wage earners are women. Contrary to the American ideology which promises that work is the path to economic security, for these working poor women, obtaining a job has not provided a route out of poverty. It is clear that <u>any</u> job is no longer the answer for women and their families in poverty.

<u>Occupational Segregation by Sex</u>

A primary reason so many working women are in poverty is that women continue to be segregated in female-dominated occupations with the lowest pay and most limited benefits. Currently, more than three-fourths of women workers are employed in clerical, service, retail sales, and factory operative jobs.

In comparison, nearly twice as many men as women hold executive, managerial and administrative jobs in the economy; nearly three times as many men as women own their businesses.

The heavy concentration of women in low-paying "women's jobs" contributes to a wide and persistent gap between the wages of women and men. Women earn only 65 cents for every dollar earned by men. When working full-time, women continue to earn less than men in every job category, including those in which women predominate. For example, men comprise less than 2% of all secretaries, stenographers and typists, yet the median weekly salary for men in this occupation is 11% higher than that of women.

The good news is that the wage gap narrows significantly when women work in jobs that have been traditionally held by men. On average, women in nontraditional occupations earn 35% more than women in traditional occupations. Women are also less likely to live in poverty when they are employed in nontraditional jobs. But the numbers of women employed in these fields remain small. In 1988, women comprised .5% of brick masons, 1.5% of carpenters, 7.3% of engineers, 1% of firefighters, and 3.6% of airplane pilots and navigators, for example. And, while the numbers are small, in many cases they represent substantial gains over the past. Often these gains are

a direct result of affirmative action efforts. Yet, despite this growth, overall the labor market remains persistently sex segregated.

Occupational segregation and discrimination have also persisted in new, dynamic, and high growth industries. In 1984, WOW conducted a study of four high technology industries--industries reputed to have progressive personnel and human resource policies -- to determine the status of female employment and opportunities for the future. Many of the firms reviewed were federal contractors with affirmative action responsibilities. Most had a high growth profile. WOW found widespread occupational segregation; a lack of women and minorities in the highest paid and most responsible managerial, professional and technical positions; and a persistent wage gap in positions where males and females were employed. This is disappointing.

In fact, a 1989 study by economist Barbara Bergmann found that high technology industries tend to be <u>more</u> segregated by gender than other industries. For example, in computing occupations, recent research has indicated that the inroads women had made into the field at the beginning of the 1980's have been eroded. While men in the computing field work primarily as programmers and systems analysts, women are increasingly

segregated in word processing and data entry. A lack of scientific, mathematic and technical education relative to men puts women at a serious disadvantage in entering high tech occupations. You might think this is because models of training and education for women in these fields have not been developed and piloted. This is not the case. They simply have not been replicated widely or institutionalized.

Rather than creating an opportunity, expanding technology has presented new crises for many women workers. It has been estimated that almost 80% of women are concentrated in jobs that will be changed, eliminated, or made obsolete by technological advances and automation. If opportunities in the technical arena do not expand into more nontraditional areas, women's employment status will be seriously affected. This situation has been particularly problematic for women in rural areas. Some of the textile and apparel industries in which women have traditionally been concentrated are being automated and exported overseas. Meanwhile, emerging industries in rural areas are predominantly male.

Training to be Poor

Federal vocational education and employment training programs have great potential to positively affect occupational segregation and female poverty. These systems can help reduce

women's poverty by training and assisting women to gain employment in higher wage and nontraditional occupations. Yet, in publicly-funded education and training programs, sex segregation persists, resulting in different training assignments, different outcomes and different earnings for women. Probably without intent, our public employment and jobs programs too often are training women to enter the ranks of the working poor.

The Carl D. Perkins Vocational Education Act of 1984, through its sex equity provisions, emphasizes the delivery of targeted vocational education services to women and girls, including a focus on eliminating sex bias and stereotyping in secondary and post-secondary vocational education.

Research findings by WOW on programs implemented under the Perkins Act in California, Illinois, Indiana and Wisconsin are promising. More non-traditional programming has occurred because of the sex equity set-asides in the Perkins Act. In Wisconsin, for example, training women for utility and nuclear power occupations was designed and funded with Perkins monies. A number of programs providing career exposure to women and girls to nontraditional occupations have been designed. In one single parent program in California, for example, a service provider worked with a single mother with two children, planning for work

as an office worker. The service provider wrote, "It became clear to Anna while attending single parent/homemaker seminars that there just wouldn't be enough money to pay for quality child care at an office worker's wage. Together we reviewed her skills, and Anna became a plumber's apprentice."

But changes like these are occurring slowly. Perkins monies flowing to train women in nontraditional occupations tend to be small grants most often targeted to career exposure rather than occupational training. And the need is enormous.

From 1984 to the present, WOW has undertaken an intensive effort to work with secondary and post-secondary vocational institutions and school districts interested in improving nontraditional enrollments among women and girls. We have worked with 10 institutions, involving employers, parents, educators, and women's advocates in each community. Our findings upon beginning to work in these institutions is that female enrollment in nontraditional vocational courses averages less that 10%, whether in technical, trade or other nontraditional areas.

The picture is less promising under the Job Training Partnership Act. Current law encourages states and local service delivery areas to develop training which "contributes to occupational development, upward mobility, development of new

careers, and overcoming sex stereotyping in occupations traditional for the other sex." Yet all studies conducted to date indicate that nontraditional training and placements for women have been the exception.

JTPA serves more female than male trainees, it is true. Outcomes, training assignments, and occupational targeting are, however, less advantageous for women. Under JTPA, the majority of women participants continue to be placed in short-term classroom training leading to jobs in the traditionally female clerical and service sectors, which result in lower wages. A state study conducted in 1986 by the Wisconsin Department of Industry, Labor and Human Relations found that:

> Women who are placed in jobs tend to be placed in traditionally female jobs, while men tend to be placed in traditionally male jobs. For example, in the Title II-A Adult program in PY 84, all of the top five areas of occupational placement for males are predominantly male occupations and have an overall median wage of $5.56. Most of the top five occupational areas for both women overall and women of color are predominantly female occupations and the median of average wages in those occupations is $4.26 and $4.40 respectively.

These findings were closely echoed by state studies of Maryland, Indiana, and the District of Columbia.

Few states or localities have funded or implemented special efforts to train and place women in nontraditional occupations. Rather, performance standards are being interpreted as an

incentive to train most participants in those occupations in which it is easiest to gain job placements and in the least expensive training categories. Training low-income women for nontraditional jobs tends to take longer, cost more, and require a more aggressive placement process. Yet the results of this type of training include higher wages, better benefits, and a greater impact in overall economic terms.

The Department of Labor has targeted some funding of national JTPA program dollars for nontraditional training for women. Excellent training by PREP in Ohio, California, and several other states has been carried out. And last year, the Department issued a special initiative to fund demonstration programs. Unfortunately, these efforts have not been sufficient to institutionalize nontraditional training throughout the JTPA system. They must be expanded.

While the Women's Bureau of the Department of Labor and WOW have provided technical assistance to regions and states on the issue of nontraditional training for women, JTPA administrators on the whole have continued to invest in more traditional low wage training. Exceptions exist which point the way to what could be replicated widely. Programs like STEP-UP for Women in Vermont and New Hampshire, the Women's Technical Institute in Boston, MiCasa in Denver, The Midwest Women's Center in Chicago,

NEW in New York and ANEW in Seattle are but a few examples. But these programs are pioneers, and most lack stable funding and systemic support. They could be multiplied a hundred-fold in the JTPA system and their strategies could be institutionalized. It is critical that planning, goals and seed money for programs like these be added to JTPA, if we wish to see expanded nontraditional training for women. In fact, a recent study of sex equity in Maryland employment and training programs, conducted by the Maryland Institute for Policy Analysis and Research, recommends an approach that mirrors the provisions of the Non-traditional Employment for Women Act. The report recommends:

> Statistical measures of non-traditional occupational training assignment and employment placements should be made a standard item of program record-keeping and reporting, and reasonable goals for "non-traditional performance measures" should be established for each program. Review of each program's goals for non-traditional placements should be conducted on a regular basis, and the goals revised as necessary.

Similar recommendations regarding goals for nontraditional employment training for women were put forth in Wisconsin and District of Columbia studies. Clearly, the Nontraditional Employment for Women Act is a timely proposal which fills a critical policy gap.

The Nontraditional Employment for Women Act

The Nontraditional Employment for Women Act has as its purpose "to encourage greater efforts to train and place women in

nontraditional employment through the Job Training Partnership Act." Given what we know about women's poverty and job profile, this is an important step toward ending occupational segregation in the system. For the first time, states and service delivery areas would be required under JTPA to set goals for training and placing women in nontraditional occupations and to outline specific efforts to be undertaken to meet these goals. Governors and SDA's would be required to report on the results of these goals for the review of the State Job Training Coordinating Council (SJTCC), guaranteeing a measure of accountability. This is a critical feature of the bill, since a 1988 study of JTPA found that only one in 25 service delivery areas considered non-traditional placements to be a priority. The NEW bill also provides for improved coordination between JTPA and Perkins Vocational Education Act programs with regard to nontraditional training and placement for women. Finally, the NEW Act would provide for up to six state programs each year, an opportunity to increase the number of nontraditional training programs and to reward service delivery areas and institutions which are meeting their goals. Concentrated effort like this would be the first step toward institutionalizing a nontraditional training strategy in JTPA.

Wider Opportunities for Women applauds the introduction of the NEW Act. Great excitement has been generated among

tradeswomen, program providers, and advocates of nontraditional employment by the introduction of the Act. Together, we believe that Congress would take an important and promising step toward quality and equality training for women under JTPA with its passage. We are prepared to work closely with the Committee to see that the promise is fulfilled and that the bill becomes law.

Statement To:

Education and Labor Committee
The Honorable Augustus F. Hawkins, Chairman

United States House of Representatives

July 7, 1989
San Francisco, California

Mr. Michael T. Tilles, Director
Employment & Training Programs
Catholic Charities, Diocese of Oakland

Mr. Chairman and Committee Members:

My name is Michael Tilles, I am the Director of Employment and Training Programs at Catholic Charities, Diocese of Oakland. I am also the chairman of the Northern California Forum on Older Workers. We are individuals and organizations that provide employment services to older workers in Northern California. We represent a variety of both JTPA 3% programs and Senior' Community Service Employment Programs, otherwise known as Title V.

I am delighted to have the opportunity to speak to you regarding Representative Hawkins' bill H.R. 2039. I will be submitting written testimony, but today I would like to highlight the salient points of that testimony.

I am particularly pleased to speak to you because older workers and older worker programs have not made their needs public. Their voice was not heard under CETA because older workers were underserved within mainstream programs. It is not heard well today because older worker programs have low priority and low visibility within the current JTPA structure. Local SDA's concentrate their efforts on the mainstream 78% programs. That is where they receive the bulk of their money and devote the

majority of their time and energy. That older workers are heard at all is only because Congress mandated that 3% of the funds be set aside for their benefit. H.R. 2039 makes many improvements upon JTPA, yet I fear that in spite of your intent and no matter how directive the language is in terms of targeting specific populations, without maintaining the 3% set-aside, SDA's will give older workers even less priority and older worker programs and the services they provide will cease to exist.

If you look at the performance of older worker programs for the past two years --fully recognizing the initial start-up difficulties--you will see that 3% programs are performing quite well. Rather than underspending, in 1986 States spent 111% of their allocated money and in 1987 the States collectively spent 124% of their allotment. Any underspending of funds today is not the result of current effort, but rather carry over from the difficult initial years.

Our program in Alameda County is a good example of what can be done when older worker programs are given the opportunity to learn how to best serve the aging population. In the last three years we have totally revamped our 3% program and as a result, we have consistently surpassed our goals. We have asked for and been granted additional funds from the State of California to help meet the needs of older workers. We have worked to integrate the 3% program with our two Title V programs and we have received funds from a private foundation, the Koret

Foundation, to offer employment services to older workers who do not qualify for either JTPA or Title V programs. We have been successful because our SDA has given us the opportunity to design a program that is built entirely upon the needs of older workers. This could not be done within the confines of a 78% program because the 78% programs must contend with too many other needs.

Unfortunately, there is a perception that older worker programs have not functioned well. In 1984 and 1985 that was absolutely correct. The program which I directed is a prime example of how poorly programs had performed. We did not spend our money and we did not put older workers to work. The reason we, and so many other programs, did so poorly is that we based our programs on 78% models. We failed because we did not understand that outreach is done differently for older workers, that the issues older workers face in their personal lives, their motivations, anger, goals and abilities are different than those of other workers. We failed those first two years because we did not appreciate the fact that we learn differently and need to be trained differently as we age. We failed because we did not fully appreciate the barriers to employment that older workers face. We failed because we did not know how to educate the employer to the benefits of employing older workers.

Those programs which continue to fail are those that merely imitate or work within the 78% projects. It simply is not cost effective for 78% projects to create the environment that is needed if older workers are to be attracted to and effectively trained by JTPA. The City of Los Angeles is a good example. In spite of mandating their 78% programs to serve older workers, the number of older workers served fell from 2.93% in 1983-84 to only 1.32% in 1987-88.

In spite of the goodwill on the part of many SDA's such as ours in Alameda County, it is highly unlikely that they would carve out a unique program from their 78% funds unless mandated to do so. The demands of other groups are better organized, have longer histories and are more vocal. They represent constituencies that have been around for a long time.

As I said at the outset, the constituency which older worker programs represent is not well organized. Yet if one looks at the demographics of our workforce, older worker programs appear to be one of Congress' best efforts at planning for the future. As the number of young workers entering the labor market shrinks, older workers will become the fastest growing source of labor. With the rapid advancements in technology, older worker skills are fast becoming obsolete. With re-training, they become an invaluable resource. However, if that training is to occur it must be done in a way that addresses the unique issues

that each of us face as we age. Just as we have said that our youth need special programs, so to does our aging population.

It is my hope that Congress will continue to plan for our future labor force needs by taking note of our demographic trends. I urge that funding for older workers be set-aside and expanded rather than cut back or weakened.

H.R. 2039 makes great strides in assuring that those most in need of JTPA training receive that assistance. My reason for being here today is to advocate so that same assurance will be afforded to older workers.

Statement To
House Subcommittee on Employment Opportunities
House Education and Labor Committee
United States Hour of Representatives

July 7, 1989
San Francisco, California

Mr. Hugh Miller, Member, Board of Directors
Western Job Training Partnership Association

Good morning Honorable Hawkins, Honorable Martinez, and members of the House Subcommittee on Employment Opportunities. I appreciate the opportunity to testify here in San Francisco .

My name is Hugh Miller. I am a private sector member of the Board of Directors of the Western Job Training Partnership Association. I am also Chairperson of the Merced County Private Industry Council. I own and operate a number of retail jewelry stores in central California. Mr. Robert Brown, Chairperson of the WJTPA could not be here this morning and I am presenting the testimony of the Association.

Introductory Remarks

My comments will of necessity be general, however, they do reflect the concerns of the member PICs and SDAs of the Western Association. We currently have 55 members drawn from Arizona, California, and Nevada.

My first, most important observation is that the JTPA program is succeeding very well at meeting, if not exceeding, the original Congressionally mandated intentions. The current efforts to amend JTPA must be viewed as necessary updates and refinements prompted by changes in today's economy and labor market, as well as prompted by five years' experience. The

positive aspects of our experience must be carefully considered and protected, however, in any plans to remake the JTPA program to better address the needs of today's unemployed and today's employers.

The proposed amendments to JTPA must provide for demonstrable improvements to the nation's job training and placement efforts and cannot be "patchwork" fixes for what are passing priorities or needs or for what are larger, systemic problems in this nation's educational system. Efforts to target JTPA resources to those who cannot effectively compete for jobs even in a healthy economic climate are positive; however, the specific identification of those facing problems, and the specific construct of services to be rendered are already provided for as a locally determined matter and must be retained within any new amendments to JTPA.

The efforts to create a more coordinated, comprehensive human resources system for this nation are also most admirable. However, care must be taken to firmly establish and hold accountable each partner as responsible to fully perform its principal tasks. Coordination can only be truly effective with each partner doing its job first, then assisting to create the "bridges" between fully functioning, fully performing producers of defined products. This is certainly a business-like view of what is a necessary upgrading of the various publicly supported and tax-based human services programs. This view has brought the JTPA program to its successful level; this same view must be instilled upon other education, training, and job placement efforts.

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The need for new federal prescription and for national-level targeting of population groups and of mandated services is highly questionable within the JTPA arena. The beauty of the original construct of the JTPA delivery system was, and is, that it "self-corrects" to account for changes in local economic conditions and in the delivery of services to meet the local needs of the unemployed. Local PICs and elected officials are already changing their priorities so as to offer appropriate services during healthier economic conditions to those who continue to experience the greatest, most persistent barriers to gainful employment. This local flexibility responds to the tremendous diversity of needs within communities across this nation, responds to the changes in our economy, and most importantly, provides the best match of tax-supported services with client-related performance of any federal program. This concept must be preserved.

General Comments on Proposals

To Amend JTPA

A. The Program Design

My comments are provided, point-by-point in the following outline of concerns:

- A Separate Youth Program Title is recommended. However, allowance should still be provided for youth to enroll in a summer only experience.
- JTPA already provides the widest possible range of allowable services for in-school or out-of-school youth.

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New configurations and definitions for services are not needed and provide no qualitative improvement in service delivery.

- Youth demonstration programs are well-intended; however, a wealth of demonstration programs have already been conducted and "best practices" have been documented. An increased investment in youth now calls for: a) expanded training on existing best practices; and b) a simple infusion of more basic funding so as to reach more of America's youth.
- Performance standards must be kept to a manageable few indicators of both program efficiency/effectiveness and of participant gains/benefits. Standards must retain certain "face value validity" and not become overly cumbersome exercises in statistical data-gathering and interpretation.
- The appropriateness of training strategies, and particularly of the duration of training under OJT should remain a locally determined issue which matches participants' entry skills along with occupational training needs. Mis-management of training durations should be addressed as a management issue, and not via legislated prescription from the federal level.
- Performance-based contracts are critical to the performance expectations of JTPA and must receive reinforcement, not an appearance of deemphasis. Fixed Unit Priced Contracting (FUPC) is one very legitimate means to obtain both performance and financial accountability. Issues of excess income for non-profit agencies and public agencies,

of poorly constructed FUPCs (with questionable procurement practices), and of the chargeability of FUPCs to certain unique JTPA cost category definitions are all better addressed as issues separate from the allowability of FUPCs. FUPCs should remain an allowable contracting method with other "clean up" measures taken on use of excess income, proper procurement, and clarification on applications of cost categories.

B. Program Administration and Oversight

My comments, in this regard, are as follows:

- The Composition of PICs need not be modified to include more mandated representation. Certainly, the majority of members, and the chairperson, should continue to be drawn from the business sector.
- The creation of a State Human Investment Council is a well-intended effort to create collaboration/coordination beginning "at the top" within each state. Effective, lasting coordination typically emanates at the local level and with minimal external, i.e., state or federal, intrusion. The appropriateness of the JTPA Legislation forcing this structure on to other programs which exist under a myriad federal and state Legislation is questionable. Also, the proposed name for the Council markets neither the service nor the product. A more carefully crafted initial effort to tie only certain activities (JTPA, Employment Service, and JOBs?) might be the better first effort.

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- An increase in the allowable maximum percentage for Administration is warranted. An increase from 15% to 20% will give legitimate recognition to the true, mounting costs to properly administer a complicated program. The current, alleged abuses, the short-cuts, the creative interpretations and answers, may all well be reactions to administering JTPA with "smoke and mirrors." Right or wrong, the JTPA system is operated with many small PIC/SDAs that need administrative relief either by raising the cap or reducing administrative requirements.
- The effort to bring about more uniform definitions and terminology between various federal job training efforts is to be commended and given serious support in legislation and in DOL's administration.
- The effort to further define and categorize the definition of costs is uncalled for and unnecessary as a means to govern JTPA. It must be remembered that JTPA's definitions already are unique creations of law and do not have any parallels in the private sector or with other federal/state programs.
- The selection of service providers should occur under uniform procurement standards. Care must be taken, however, to assure that open and competitive procurement is feasible in all locales, including rural areas with few service providers. Allowance must be provided for carefully constructed and documented sole source selections and/or continuing funding commitments.

- Additional reporting requirements must not be included unless there is a demonstrated, up-front, identified need and usage for such data. The uniformity of data is, of course, a critical requirement that might best be addressed administratively by DOL.

C. Targeting of JTPA Services and Eligibility for the Program

My comments are as follows:

- The unique and vital role that JTPA plays as this nation's targeted job training and job placement program must not be subsumed by the new thrust for JTPA to address workers' lack of basic educational skills. A concomitant effort must be shown by Congress, the federal Department of Education, the states, and the local school districts to join the JTPA program in revamping and revitalizing basic education in this nation.
- The proposed tightening of eligibility criteria to now have double "thresholds" through which applicants must pass to become participants is unnecessary. The JTPA system historically has served a very well-mixed group of clients who are overwhelmingly disadvantaged and possessing of many additional barriers to employment. This scenario is already tightening in to serve the hardest core unemployed by virtue of lowered unemployment rates and healthy job markets for even the marginally skilled and prepared. The local PICs are already adapting (self-correcting) to the needs of these target groups;

federal prescriptive that narrows eligibility is unnecessary and may pose problems with any cyclic change in the economy.

- Efforts to have uniform eligibility criteria and definitions between JTPA and other principal programs, such as the Employment Service and the new JOBs program, are to be supported. Automatic eligibility mechanisms for participants in one program to be eligible to enroll in another should be created.
- The narrowed eligibility requirements assume that accompanying funding formulae will provide appropriate allocations to communities in relation to where these narrowly defined groups reside. Such conformity between the targeted populations and the funding flow does not exist and therefore poses a real likelihood of continued mismatches of resources with needs.
- Such narrow delineations of "who's in need" vary tremendously from area to area, and from time to time. The homeless are certainly a target population for many urban areas but not necessarily other areas. The homeless have received recent attention but the vagaries of public attention produce inconsistent attention to groups (note the previous attention to homeless under the IVC veterans program which has summarily been dropped for the current year). Such shifts of attention are real and JTPA Legislation must recognize this and not imbed certain narrow priorities on populations which cannot pass the

test of time. The strength of the current JTPA program is the flexibility and adaptability of local service plans to serve those "most in need."

D. Program Funding

Finally, my concerns are as follows on program funding:

- The thrust to serve the most in need with enhanced services will necessitate increased costs per participant. The JTPA appropriations must remain constant, if not experience a purposeful increase in order to have the desired impact of still serving as many eligible individuals as possible with the highest quality of services.
- The various funding formulae proposals have yet to provide an improved means to fairly and equitably allot this nation's tax-derived, limited resources back into each community. The principal deficiency with each proposal is the lack of a uniform, reliable, and justifiable data base. The introduction of new factors, i.e., areas of concentrated disadvantaged, which lack reliable data only replaces the current criticized formula with another flawed formula. Any new formula should wait 1990 census data. Current efforts to target more funds into inner-city settings should be considered only if increased national allocations allow for such and not at the direct expense of the rural and suburban areas.

- The national legislation should continue to provide both state level funding formulae and substate formulae. Each state should not be encouraged to implement what may come to be greatly varied means to allocate funds to substate areas.
- The overall division of Titles into the various sub-part percentages must assure that the maximum amount possible flows into the localities for demonstrated client services. The rearrangement of percentages with Governor's setasides can be debated; however, experience shows that Governor's setasides tend to be underexpended, and tend to be utilized for various studies, coordination efforts, or subsidizations of other state activities and to be of questionable, ultimate client benefit.
- The efforts to control dramatic upswings as well as downswings in local funding levels are to be supported. The introduction of a 110% "stop gain" to accompany the traditional 90% "hold harmless" is a positive move.
- The efforts to assure timely and full expenditures of each annual allocation is a management issue which experience is telling us now requires federal direction. The 10% allowable carryover is too narrow of a range; all of the JTPA Titles should parallel the allowable 20% carryover as provided in the new Title III EDWAA Legislation.

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Concluding Remarks

In closing, I wish to thank you again for this opportunity. I extend the continued offer of the WJTPA to work with you, your Subcommittee, and the Congress in finalizing legislation this Summer and Fall.

As a business representative, I wish to reinforce the critical importance of the public/private partnership concept for administering this nation's job training efforts. My views on the success of JTPA are held by both PIC members and by local elected officials. If there is one message I can leave with you today, it is that the JTPA system has indeed been meeting a most difficult and demanding, bifaceted task, namely serving America's hard-core, unemployed while simultaneously producing the desired workers that are demanded by America's employers. The various recent studies and reports that criticize the JTPA program must be placed in perspective. Their findings fall into three basic areas, namely: 1) mismanagement and poor decisionmaking, which, while indefensible, are likely to be found in any program; 2) single-dimensional comparisons against CETA, which at best does JTPA a disservice and worst, reinforces that JTPA is serving the same profile of hard-core, unemployed as when we had double digit unemployment; and 3) unfair, speculative exercises at what JTPA "should of" or "could of" done in the minds of today's researchers/critics and not in the minds of Congress' original framers of the Act.

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Short memories and changing times have now found it popular to put JTPA in a bad light and to call for a major revamp of the program. The elements of H.R. 2039, as sponsored by Congressman Hawkins, demonstrate careful consideration of where change is warranted. More dramatic measures being sought in the Senate, and via the Administration are without justification and give rise to many of the comments above.

I conclude by remaining most confidant that with a carefully constructed update of guiding principles and of performance expectations for the JTPA program, the PICs and local elected officials of this country will be able to once more provide immediate and lasting success for the nation's job training and placement efforts.

Thank you for your time. I'm pleased to help answer any questions.

TESTIMONY
BEFORE THE HOUSE LABOR
AND EDUCATION COMMITTEE
JULY 7, 1989

EUNICE ELTON, PRESIDENT
PRIVATE INDUSTRY COUNCIL OF SAN FRANCISCO

My name is Eunice Elton. I am President (meaning: Staff Director) of the Private Industry Council of San Francisco, a non-profit corporation which is both grant recipient and administrative entity for JTPA; we are also substate grantee for the San Francisco substate area under the new Title III of JTPA. Further, we also contract with the State of California to administer refugee employment and training programs, and with the City and County of San Francisco to administer employment and training programs under the welfare reform legislation known as Greater Avenues to Independence (GAIN).

Because I am an administrator rather than a trainer, my comments will reflect administrative matters which concern me as you are formulating amendments to the Job Training Partnership Act.

First, I urge you not to define eligibility for any of the programs in terms of "high school graduate" or "dropout". We have been administering basic literacy tests to all new participants this past year, and we can show practically a zero correlation between reading levels of the participants and their reported years of education. There are two basic groups causing this disparity:

- those who didn't learn, despite years of reported attendance at schools; and
- those whose education was in a non-English speaking country, and in another language.

Everytime I hear that "2/3 of JTPA trainees are high school graduates" I must restrain myself from screaming. Because of our large numbers of immigrants and refugees, our reported educational levels are especially imprecise and to be beaten repeatedly with this misstatement is not the kind of reward I enjoy. "Drop-out" is a surprisingly imprecise term, also; it is defined differently in every community. And it means little about the literacy skills of a person who has been out of the formal education system for years.

A point you will take into consideration is the repeated statement that JTPA costs-per-participant will go up as we work with a more at-risk population. So they will. But we've never been asked to report the costs of training a participant - - only the JTPA costs; and even these are sometimes divided between Titles. We have accumulated cost data from our subcontractors through the whole JTPA and CETA periods - JTPA costs which we document, and "other" costs which they report to us.

In the year ended last June, our costs in the Title IIA, 78% program lined up this way.

JTPA expenditures:	$3,871,394	(about 82% of the total)
Other documented expenditures:	$863,101	

and we suspect the "other" category is under-reported.

July 7, 1989

We've looked good for a long time because our coordination efforts and our strong working relationships with the adult school authorities and the local Job Service Office have kept our JTPA costs down. Now you know our guilty secret.

By the way, a recent nationally-distributed evaluation document stated that "JTPA pays all the costs". The extent of existing coordination is clearly not understood.

I ask that you do whatever you can to reduce our paperwork and documentation problems; we are spending far too much time documenting "process" items to protect us from auditors, the GAO, and the Office of the Inspector General. Trying to account for all expenditures by cost category makes for clean audits, but it does not train participants or fill employers' job needs. A member of my staff spends at least one-fourth of her time developing and reconciling cost-allocation data for no good purpose.

The fixed unit price contracts have been very helpful for a lot of reasons; to me a significant one has been the reduced "recording, evaluating, monitoring, recapitulating and problem resolution" related to reporting by cost category.

I'm a data-analysis freak, I suppose. I am sorry that the JTPA data accumulated nationally are so inadequate. We have more, and we use it. Recently, with grants of funds from two local corporations, we've been "analyzing for meaning" the 58 units of information about our participants. What we've found is that we've not just been serving "high risk youths' - we've been trying to serve youths with a frightening combination of multiple problems. We have for your staff members some analysis of the high risk youth data, and of the literacy problems as they differ for native-born and foreign-born persons.

I could go on. But I want to enter one final plea for maximum elbow-room. The Congress certainly will want to ask us to increase service to those youths in danger of joining the crack-cocaine groups, and we welcome that guidance. But please leave us the opportunity to plan locally, how to do it to fit our population, our geography, and our peculiarities. Please ask those acting for the Governor also to give us guidance, but not specific prescriptions for services.

Thank you, Congressman Hawkins, for the opportunity to tell you of my needs. If you can do for me those things I've outlined, our formula-allocation of JTPA funds, used in coordination with funds from other sources, will do more for the disadvantaged and for our employer community.

July 7, 1989

PRIVATE INDUSTRY COUNCIL

OF SAN FRANCISCO, INC.

MEMORANDUM

TO: MEMBERS, EVALUATION COMMITTEE **DATE:** NOVEMBER 4, 1988

FROM: RAYMOND R. HOLLAND

SUBJECT: DETAILED ANALYSES OF THE "HIGH-RISK YOUTHS" WHO WERE TERMINATED FROM THE JTPA TITLE IIA (78%) PROGRAM IN THE TWELVE-MONTH PERIOD FROM JULY OF 1987 TO JUNE OF 1988 (PROGRAM YEAR 1987)

While a total of 748 "JTPA eligible" youths were enrolled in this PY'87 program, only 682 (or 91.2%) of those youths terminated (for all reasons) during the first twelve months. All of the remaining 66 youths were terminated during the 13th and 14th months of these PY'87 subcontract periods. Of the total youths enrolled, 303 (or 40.5%) met the State's definition of "high-risk youths".

Of all 682 youths terminated in PY'87, 277 (or 40.6%) fall into the State's "high-risk" definition: 24.9% have two "risk" factors and 15.7% have three to five "risk" factors. Because of the small numbers of American Indians/Alaskan Natives (4) and Whites (5) in the high-risk group, only the groups Asian/Pacific Islander, Black, and Hispanic are examined in detail.

TABLE 1

	All Youths	"High Risk"	Non-High Risk
Total [Number]	[682]	[277]	[405]
Percent	100.0%	100.0%	100.0%
Gender			
Male	51.0%	62.8%	43.0%
Female	49.0%	37.2%	57.0%
Age			
16-17	17.9%	31.8%	8.4%
18-21	82.1%	68.2%	91.6%
Ethnicity/Race			
Asian/PI	34.6%	27.1%	39.8%
Black	40.5%	52.3%	32.3%
Hispanic	18.5%	17.3%	19.3%
Welfare			
Public Asst. (State)	24.0%	30.0%	20%
Risk Factors			
Dropout	35.3%	81.9%	3.5%
Ex-offender	17.7%	42.2%	1.0%
Teen Parent	5.4%	13.4%	0.0%
Handicapped	2.1%	4.7%	0.2%

Because over 91% of the youth population has one "risk" factor (minority group membership) the incidence of risk factors in the non-risk group is very low. It should be noted that of the non-high risk Whites (35), 40% are dropouts and 11% are ex-offenders.

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As shown in the previous table, in comparison to the other eligible youths, "high-risk youths" tend to be proportionately more male, Black, aged 16-17, and more likely to be receiving welfare.

TABLE 2

	"HIGH RISK YOUTH" GROUP		YOUTHS RECEIVING WELFARE	
	2 Risk Factors /a.	3 or more Risk Factors /a.	High Risk /a.	Non-High Risk /b.
Total [Number]	170	107	83	81
Percent	61.4%	38.6%	30.0%	20.0%
Gender				
Male	33.9%	28.9%	10.1%	7.4%
Female	27.4%	9.7%	19.9%	12.6%
Age				
16-17	12.6%	19.1%	8.3%	1.7%
18-21	48.7%	19.5%	21.7%	18.3%
Ethnicity/Race				
Asian/PI	20.9%	6.1%	5.4%	4.0%
Black	27.1%	25.3%	20.9%	11.9%
Hispanic	10.5%	6.9%	2.9%	2.0%

/a. Percentages of total 277 high-risk youth terminations

/b. Percentages of total 405 non-high risk youth

Within the "high-risk" group proportionately more males, 16-17 year olds, and Blacks have 3 or more "risk" factors.

Overall the "high-risk" group is more likely to receive welfare than the non-risk group. In addition, females, 16-17 year olds and Blacks are proportionately over-represented in the "high-risk" group receiving welfare.

TABLE 3

Distribution of Risk Factors within High-Risk Youth Subgroups					
	Dropout (%) /a.	Ex-offender (%) /a.	Teen Parent (%) /a.	Handi-capped (%) /a.	Total /b.
All High Risk Yth.	81.9%	42.2%	13.4%	4.7%	142.2%
High-Risk Males	79.9%	61.5%	2.3%	5.7%	149.4%
High-Risk Females	85.4%	9.7%	32.0%	2.9%	130.0%
High-Risk 16-17	85.2%	70.5%	6.8%	1.1%	163.6%
High-Risk 18-21	80.4%	29.1%	16.4%	6.3%	132.2%
High-Risk Asian/PI	90.7%	24.0%	2.7%	6.7%	124.1%
High-Risk Black	81.4%	46.2%	18.6%	2.8%	149.0%
High-Risk Hispanic	73.0%	52.1%	14.6%	6.3%	146.0%
High-Risk Rec. Welfare	81.9%	19.3%	36.1%	4.8%	142.1%

/a. Percentages of that subgroup.

/b. The extent to which totals exceed 100% indicate the incidence of 3 or more risk factors for members of that subgroup.

In all groups, the most common "risk" factor (after minority group membership) is "Dropout". The next most common for all groups except females and welfare recipients is "ex-offender". For females and welfare recipients the next factor is "Teen Parent". Since all categories except "Teen Parent" cover all ages up to 21, and since the data item "Teen Parent" is inferred rather than collected directly, the actual incidence of "single parenthood" is under-represented because the "high-risk" group contains 46 single heads of household with dependents under 18, 42 single mothers, and only 37 "teen parents". Whether single parenthood at ages 20 and 21 should be considered a risk factor might be worth assessing.

TABLE 4

	Dropout	Ex-offender	Teen Parent	Handicapped
2 factors	71.2%	21.8%	7.1%	2.9%
3 or more factors	99.1%	74.8%	23.4%	7.5%

As might be expected from the higher proportion of males in the "high-risk" group and the much higher proportion of males in the "3 or more factors" group, the differential effect of gender has been masked and the categories show a relatively uniform increase from 2 to 3 or more factors. Essentially all youth with more than 3 risk factors are dropouts and the incidence of the other 3 factors has roughly tripled.

TABLE 5

	No.	Dropout	Ex-offender	Teen Parent	Handi-capped	3 or more Risk Factors
Asian/PI						
Male	51	90.2%	33.3%	2.0%	7.8%	31.4%
Female	24	91.7%	4.2%	4.2%	4.2%	4.2%
Black						
Male	89	78.7%	69.7%	1.1%	3.4%	52.8%
Female	56	85.7%	8.9%	46.4%	1.8%	41.1%
Hispanic						
Male	31	67.7%	80.6%	6.5%	9.7%	54.8%
Female	17	82.4%	0.0%	29.4%	0.0%	11.8%

The major differences shown above are the very low incidence of teen parent among Asian/Pacific Islander females and the high incidence of "ex-offender" among Hispanic males. Additionally Hispanic males have the highest incidence of "3 or more risk factors", though it is only slightly higher than Black males. Among the females, Blacks have a much higher incidence of "3 or more risk factors" than Hispanics or Asian/Pacific Islanders.

TABLE 6

	High-Risk Youths			Non-High Risk Youths		
Age	16-17	18-21	Subtotal	16-17	18-21	Subtotal
Ethnicity						
Asian/P.I	5.1%	22.0%	27.1%	4.0%	35.8%	39.8%
Black	22.4%	30.0%	52.4%	2.0%	30.4%	32.4%
Hispanic	3.6%	13.7%	17.3%	0.5%	18.8%	19.3%

TABLE 7

	Placement Rate		Positive Term. Rate	
	Non-High Risk	High Risk	Non-High Risk	High Risk
Asian/P.I.	85.7%	68.7%	93.8%	85.3%
Black	72.5%	32.4%	77.1%	64.1%
Hispanic	74.4%	58.3%	84.6%	66.7%

The findings below are the results of initial analyses of some of the "high risk youth" data using the Chi Square test of significance. The Chi Square test can be used with any data which can be reduced to proportions and percentages. It is particularly useful because, unlike other statistical tests, no assumptions need be made about the characteristics of the sample. The figures in parentheses are the levels of confidence resulting from the Chi Square test (e.g., the probability (p) that statement 1 is incorrect is less than 1 in 1,000.)

1. More Blacks proportionately are "high risk" at ages 16-17 than Asians or Hispanics ($p < .001$).

2. More Blacks proportionately are ex-offenders than Asians or Hispanics ($p < .01$)

3. "High-risk" Blacks are proportionately more likely to be on welfare than Asians or Hispanics ($p < .001$).

4. Asians tend to have the highest proportion of dropouts, Hispanics the lowest, in the "high-risk" group ($p < .05$).

5. "High-risk youths" are less likely to be placed than non-high risk youths ($p < .001$).

6. "High-risk youths" are more likely to be Black than expected ($p < .001$).

These data and the analyses of them cover only those "JTPA eligible" youths who were actually terminated from subcontracted programs in PY'87. This is not a randomly-sampled population but, rather, a highly-stratified population subgroup representing the targeted recruitment and enrollment efforts of all PIC subcontractors responding to the policy initiatives of the Mayor, of the PIC and of the State. It would not be reasonable to attempt to extrapolate these data or the conclusions drawn from them to San Francisco's overall "JTPA eligible" population. The only purpose for this examination is to attempt to learn what characteristics and other extrinsic factors (e.g., program approaches and job preparation and training curricula), considered in combination, tend to result in more-positive overall program performance for "high-risk youths".

Attached is a copy of the State of California's PY'87 definition of "high-risk youth"; for the current year (i.e., PY'88) it has been modified slightly. Please let Richard Keir or Clara Wong (who compiled, tabulated, and analyzed these data) or me know if you have any questions.

cc: Anita Sanchez, Mayor's Staff
PIC Staff
PIC Subcontractors
Ronald Teel, EDD/JTPD
John Corcoran, SJTCC

STATE TERM AND DEFINITION /a.

"A 'high-risk youth' is a person, between the ages of sixteen and 21 years (inclusive), who is:

* __ a school dropout /b. and who possesses one or more of the following barriers to employment; or who is
* __ not a school dropout but who possesses two or more of the following barriers to employment:
  * __ s/he is a member of an ethnic minority;
  * __ s/he is handicapped /c.;
  * __ s/he is an offender /d.;
  * __ she is a pregnant teenager /e. (pregnant female under age 20);
  * __ s/he is a teenage parent (individual under age 20 who is responsible for the support of dependent children); or
  * __ s/he is an alcohol or drug abuser /f.

With certain exceptions, these characteristics data are normally collected and documented on the enrollment form for each youth entering a JTPA program. The exception is that if the PIC has a written policy prohibiting the collection and recording of data on "teenage pregnancy", on "teenage parenthood", on "alcohol or substance abuse" or, possibly, on "handicapped" or on "juvenile offender" statuses for reasons of confidentiality (among other possible reasons), the State will not require that these data be collected and recorded systematically on all completed JTPA enrollment forms. Such a prohibition will result in fewer JTPA youth participants being identified as "high-risk youths".

In order to compete for a portion of this special incentive award, the SDA administrative entity must submit to the Sacramento office of the State administrative agency the completed JTPA enrollment forms for every "high-risk youth" it claims as a basis for qualification. There are no guarantees that such data will be treated confidentially by the State; there is only a "stated intent" that it will be treated confidentially.

Part of the formula determining the amount of the special incentive monies that will be awarded to each SDA will be that SDA's relative proportion of the State's total number of "high-risk youths" recorded as terminating.

/a. Term and definition adopted by the State Job Training Coordinating Council (SJTCC) on February 11, 1987 but not published until July 8, 1987. Both will be initially applied to the determinations of the Program Year 1988 (PY'88) special incentive awards based on PY'87 performance (i.e., from July 1, 1987 to June 30, 1988).

/b. "An adult, a youth (aged 16-21 years), or a 14-15 year-old who is not attending school full-time and has not received a high school diploma or a GED certificate". For purposes of only these special incentive awards, this term "also includes incarcerated youths who are attending school while in an institution".

/c. "Any individual who has a physical or mental disability which, for such individual, constitutes or results in a substantial handicap for employment". To the extent that an individual knowingly volunteers this information (there is no obligation to do so and the individual is informed of his/her rights), the PIC currently collects these data.

/d. "Any adult or youth who requires assistance in overcoming barriers to employment resulting from a (public?) record of arrest or conviction (excluding misdemeanors)". Since most records of arrest or of juvenile convictions are not public, the PIC currently collects these data only to the extent that they are knowingly volunteered. For purposes only of these special incentive awards, this term "includes youths convicted of either misdemeanor or felony offenses".

/e. The PIC does not currently attempt to collect these data individually or for statistical purposes. There is no corresponding PIC term or definition.

/f. The PIC does not currently attempt to collect these data individually or for statistical purposes. There is no State or PIC definition for the term.

PRIVATE INDUSTRY COUNCIL

OF SAN FRANCISCO, INC.

MEMORANDUM

TO: EVALUATION COMMITTEE MEMBERS **DATE:** OCTOBER 25, 1988

FROM: EUNICE ELTON Eunice Elton

SUBJECT: MATERIALS FOR OUR NOVEMBER 4 MEETING (1:30 PM AT 33 GOUGH STREET)

Attached are some materials we will be considering.

In addition, on October 11 we mailed you two reports:

One addressed to the Mayor and all Council members - an Executive Summary of our JTPA statistics

One addressed to you, along with others, giving detailed program statistics for the year which ended in June.

Please bring your copies of those two reports. If you have missplaced either or these two reports or if you did not receive them, please call Clara Wong, the PIC's MIS Manager, for additional copies.

EE:lu

Enclosures

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PRIVATE INDUSTRY COUNCIL

OF SAN FRANCISCO, INC.

MEMORANDUM

TO: EUNICE, NAOMI, RAY, STEVE, VES

DATE: JULY 15, 1988

FROM: CLARA Clara

SUBJECT: PY'87 MIS STATISTICAL SUMMARY REPORT FOR SIX JTPA PROGRAMS.

This is the twelfth monthly PY'87 MIS Statistical Summary Report for the six JTPA programs for the period ending June 30, 1988. Complete copies of all detail reports prepared are available in the MIS.

STATISTICAL SUMMARY FOR THE SIX JTPA PROGRAMS

Program	Total Enroll-ments	Total Termi-nations	Total Place-ments	Placement Rate by Program Activity: Classroom Training		On-the-Job Training		Targeted Job Search Training		Work Experience	
IIA-78% Basic	1,747	1,585	1,094	556/872	64%	292/351	83%	246/362	68%		N/A
IIA-3% CIP	242	210	153	51/57	89%	10/13	77%	92/140	66%		N/A
IIA-6% INCENT.*	48	39	7	7/39	18%	0/0	N/A	0/0	N/A		N/A
IIA-8% S.D.E.*	71	54	23	23/54	43%	0/0	N/A	0/0	N/A		N/A
IIB-SYETP 1987	2,527	2,527	19	0/0	N/A	0/0	N/A	0/0	N/A	19/2,527	1%
III-DWP (Formula)	54	50	30	28/47	60%	2/3	67%	0/0	N/A		N/A
TOTAL	4,689	4,465	1,326	665/1,069	62%	304/367	83%	338/502	67%	19/2,527	1%

* Twelve Title IIA 6% participants have been transferred to fully use the additional Title IIA 8% SDE money.

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PLACEMENT RATE

Program	Adult		*P.A.R. Adult		Youth		P.A.R. Youth		Overall Placement Rate	
IIA-78% Basic	848 903	72%	144 249	58%	446 682	65%	86 164	52%	1,094 1,585	69%
IIA-3% OIP	153 210	73%	6 14	43%	0 0	N/A	0 0	N/A	153 210	73%
IIA-6% INCENT.	5 21	24%	3 18	17%	2 18	11%	2 18	11%	7 39	18%
IIA-8% STATE DEPT. ED.	15 28	54%	13 25	52%	8 26	31%	8 26	31%	23 54	43%
IIB-SYETP 1987		N/A		N/A	19 2,527	1%	7 1,085	1%	19 2,527	1%
III-DWP (Formula)	29 48	60%	5 11	45%	1 2	50%	0 0	N/A	30 50	60%
TOTAL	850 1,210	70%	171 317	54%	475 3,255	15%	103 1,293	8%	1,325 4,465	30%

If you have any questions about this summary or you would like to inspect the complete detail reports, please let me or Walter know.

* P.A.R. means "Public Assistance Recipients". In addition to Aid for Families with Dependnt Children (AFDC), this includes recipients of General Assistance (GA) and Supplemental Security Income (SSI).

YOUTH EMPLOYABILITY ENHANCEMENT
July 1, 1987 to June 30, 1988

	78%	6%	8%
TOTAL	88	8	4
Entered non-Title II	1	0	1
Returned to full-time school	12	0	1
Completed major educational level	3	0	0
Attained PIC employment competencies	72	8	2

HIGHLIGHTS FROM THE OCTOBER 11 REPORTS AND OCTOBER 24 REPORTS

The notes below draw from various sources. Some data for other special participant groups:

Limited English-speaking persons:				
Program	Enrolled	Terminated	Placed	Placement Rate
Title 11A 78% Adults	301	278	226	81%
" " " Youths	197	180	146	80%
	498	458	372	81%
" "3% Older Persons	93	74	57	77%

Selected Race/Ethnic characteristics in 78% programs:				
White (not Hispanic)	190	170	107	63%
Black (" ")	603	546	308	56%
Hispanic	375	324	231	71%
Asian	422	395	332	84%
Filipino	136	129	106	82%
"Handicapped" persons	77	61	43	70%

(Handicapped persons were 4% of all persons in the 78% programs, and 4% of all persons placed)

November 2, 1988

AFDC RECIPIENTS SERVED, PY'87

The following data report enrollment and services to individual participants who are members of "AFDC families" - not necessarily the heads of the families.

Program	Enrolled	Terminated	Placed in Jobs
Title IIA (78%)	275	241	123
" " (3%)	2	2	1
" " (6%)	25	20	2
" " (8%)	66	49	19
Title III	5	5	1
Total year-round programs	373	317	146
SYETP	965	965	11

In all of the year-round programs, persons placed were 46% of those terminated from the program. As the table shows, placements were very low in the 6% and 8% programs, which are dedicated to persons with problems (6%), or who are GAIN eligible (8%). Placements of AFDC recipients in the basic (78%) programs were 51% of the persons terminated, compared with an overall placement rate of 69% for all basic programs participants; and further compared with 72% of those who were not from AFDC families.

HIGH-RISK YOUTHS ENROLLED PY'87

The following are data showing the member of "high-risk youths" (State definition) enrolled in the July 1, 1987 to June 30, 1988 program year.

Program	Youths Enrolled	High-Risk Youths	Youth Dropouts
Title 11A (78%)	748	303 (41%)	267
" " (6%)	19	15 (79%	12
" " (8%)	34	27 (79%)	23
Totals	801	354 (43%)	302

We allow 60 days after the end of the program year for a contractor to conclude all placement activity. The data which follow, then, cover a 14-month period from July 1, 1987 to August 31, 1988 (the period also reported in our Benefit//Cost reports).

November 2, 1988

CHARACTERISTICS OF THE HIGH-RISK YOUTHS ENROLLED

	78% Programs	6% Programs	8% Programs	Total
Males	186	6	0	192
Females	117	9	27	153
Total	303	15	27	345
16-19 years	232	10	15	257
20-21	71	5	12	88
Limited English	52	0	2	54
Single Mothers	48	8	27	83
Ex-Offenders	118	3	0	121
Disabled	12	0	1	13
Economically Disadvantaged	303	15	27	345
Public Assistance Recipients	93	15	27	135
American Indian	4	0	0	4
Asian-Pacific Islander	78	1	4	83
Chinese	(35)	(0)	(0)	(35)
Korean	(2)	(0)	(0)	(2)
Other Asian	(26)	(0)	(1)	(27)
Filipino	(9)	(0)	(3)	(12)
Japanese	(2)	(0)	(0)	(2)
Other Pacifican	(4)	(1)	(0)	(5)
White (Non-Hispanic)	7	1	0	8
Black (" ")	158	13	8	179
Hispanic	56	0	15	71
Veteran	0	0	0	0

November 2, 1988

SUBCONTRACTORS SERVING 12+ HIGH-RISK YOUTHS

Subcontractor	No. Served	No. Placed	Pos. Term.	Placement Rate	Pos. Rate	Aver. Wage	Retention Rate
AND (OCT/OBE)	16	8	3	50%	69%	$4.96	80%
CYC (OJT)	17	13	0	76%	76%	5.19	38%
CES (OESL)	8	6	0	75%	75%	4.90	80%
CES (OJT)	4	4	0	100%	100%	5.31	100%
FO (OCT/OBE)	8	4	0	50%	50%	7.18	0
FO (TJST)	16	9	0	56%	56%	5.28	17%
VYDC (OESL)	12	4	7	33%	92%	4.75	100%
VYDC (OJT)	1	1	0	100%	100%	4.75	0
MLVS (OESL)	12	10	2	83%	100%	5.52	56%
POTHI (OCT/OBE)	50	4	27	8%	62%	4.87	50%
YGCIC (OCT/OBE)	81	37	18	46%	69%	4.51	44%
YCD (OCT/OBE)	20	6	6	30%	60%	5.67	33%
YCD (TJST)	18	13	0	72%	72%	6.08	33%
ALL OCT/OBE	189	66	59	35%	66%	4.97	49%
• OESL	41	25	12	61%	90%	5.22	75%
• OJT	32	22	0	69%	69%	5.37	53%
• TJST	42	29	0	69%	69%	5.53	37%
All - Total	304	142	71	47%	70%	$5.19	53%

October 25, 1988

Literacy Approximations PY'88

Beginning in July of 1988 we have been administering to each new participant the San Diego Quick Test to establish approximate reading level, as an indicator (fairly rough) of literacy. (Exception: the Summer Youth Employment and Training Program.)

Clara Wong, MIS Chief, did an analysis of July data.

Of 189 newly-enrolled participants 51 (27%) had reading skills below the 7th grade.

Of the 51 who tested below the 7th grade:

18 reported 13 to 17 years of education
19 more were high school graduates
14 had not completed high school (12 of these are dropouts, and 2 are still in school)

34 (67%) were recorded as "limited English speaking"

3 non-Hispanic whites
9 are Black
15 are Hispanics
13 are Chinese
6 are Filipino
4 are "other Asian", and
1 is "other Pacifican"

We now have first-quarter data for the current program year.

In our basic (78% of Title IIA funds) program there were:

439 new participants, of whom

79 adults and
56 youths, or a total of
135 (or 31% of the total new participants) had reading skills below the 7th grades

October 25, 1988

In the older worker program (3% of Title IIA) there were

47 new participants, of whom
14 (30%) had reading skills below the 7th grade

We use our 6% incentive funds for hard-to-serve individuals. There were
26 new participants, of whom
16 (61%) tested below the 6th grade

Our 8% funds are directed to a special population - persons who are 'GAIN eligible". There were:

14 new participants, of whom
10 (72%) had reading skills below the 7th grade

We also administer Title III funds to serve persons laid off in plant closures or major lay-offs, or who are long-term unemployed. These persons, unlike the others, are not necessarily economically disadvantaged. We enrolled
23 new participants, of whom
6 (26%) had reading skills below the 7th grade.

Taken all together, participants with reading skills below the 7th grade, newly enrolled in PY '88's year-round programs totalled:

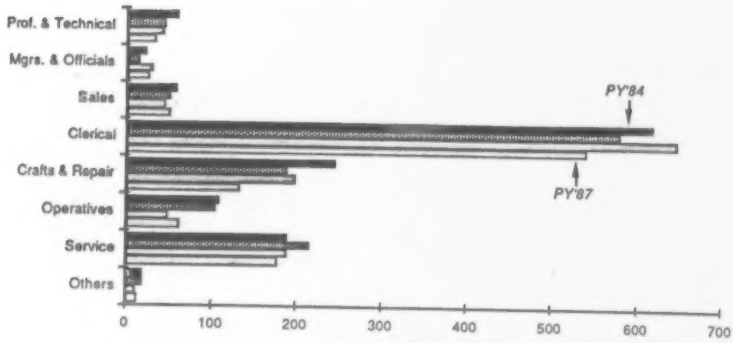
Component	Enrolled	Terminated	Placed in Jobs
Ttile IIA (78%)	135	29	28
(3%)	14	0	0
(6%)	16	0	0
(8%)	10	0	0
Title III	0	0	0
TOTAL	181	29	28

They were 33% of the 549 new participants.

Terminations have not yet been reported for most, and the placement data recorded above should not be considered representative.

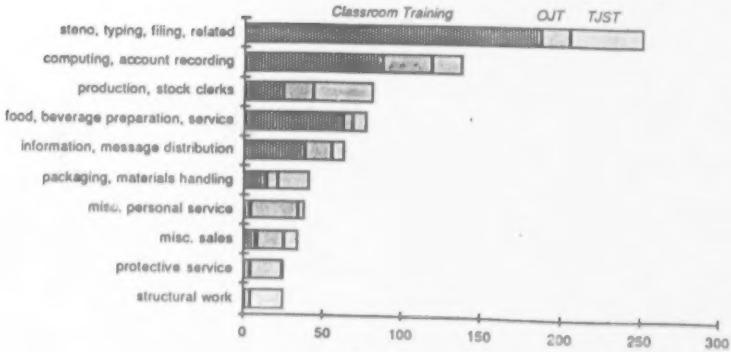
October 25, 1988

PY'84-'87: PLACEMENTS BY OCCUPATIONAL GROUP
JTPA Title II-A (78%) Basic Adult-Youth Programs



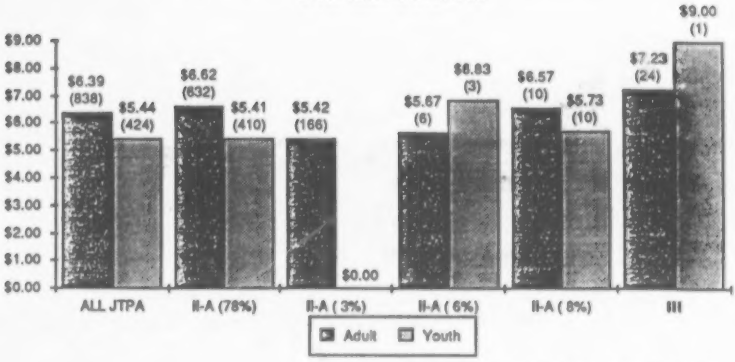
Source: Private Industry Council of San Francisco, Inc.

PY'87: TOP TEN PLACEMENT OCCUPATIONS
JTPA Title II-A (78%) Basic Adult-Youth Programs



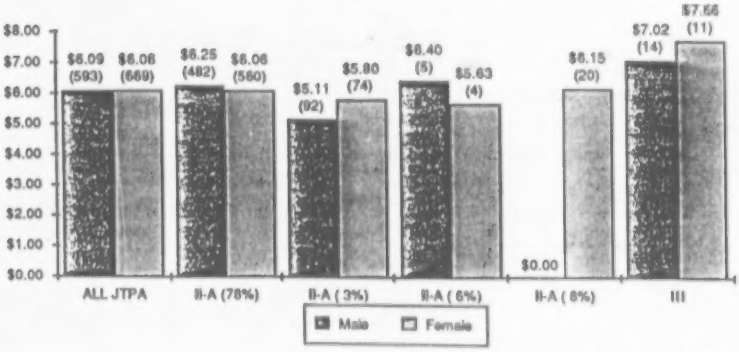
Source: Private Industry Council of San Francisco, Inc.

PY'87: ADULT-YOUTH AVERAGE WAGE AT PLACEMENT
JTPA Titles II-A and III



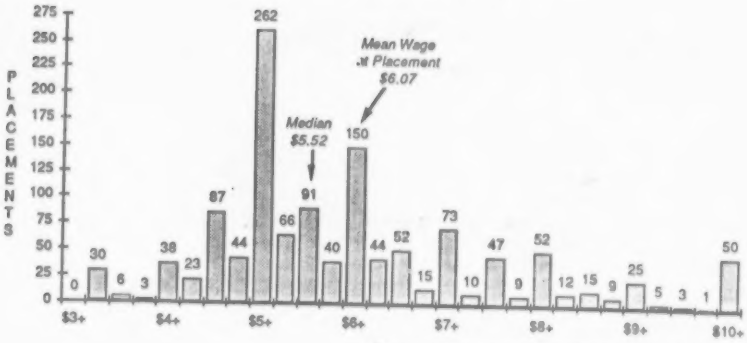
Source: Private Industry Council of San Francisco, Inc.

PY'87: MALE-FEMALE AVERAGE WAGE AT PLACEMENT
JTPA Titles II-A and III



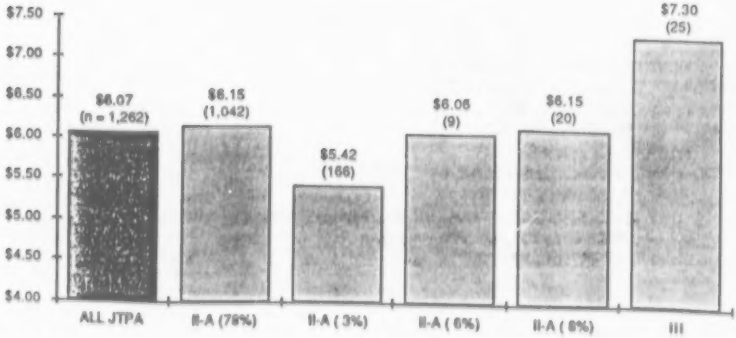
Source: Private Industry Council of San Francisco, Inc.

PY'87: WAGE AT PLACEMENT DISTRIBUTION
JTPA Titles II-A and III



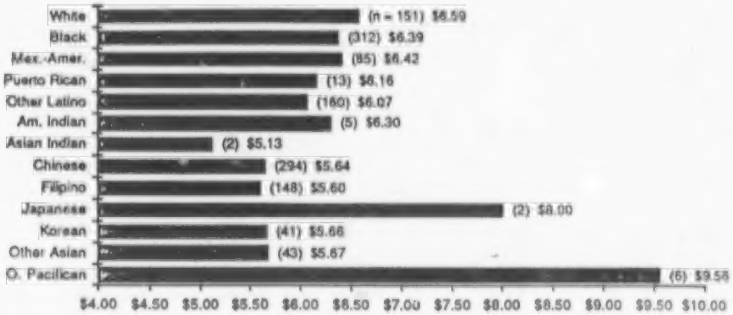
Source: Private Industry Council of San Francisco, Inc.

PY'87: AVERAGE WAGE AT PLACEMENT
JTPA Titles II-A and III



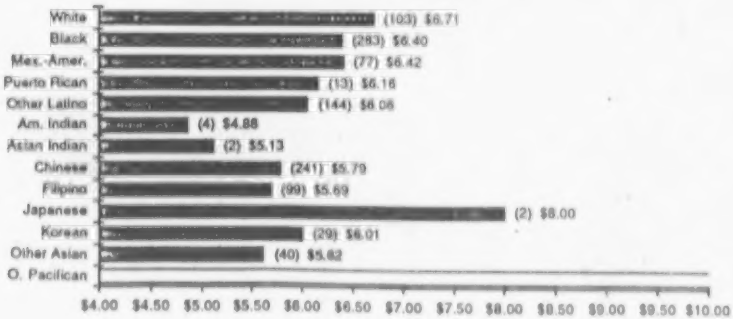
Source: Private Industry Council of San Francisco, Inc.

PY'87: AVERAGE WAGE AT PLACEMENT BY ETHNICITY
JTPA Titles II-A and III



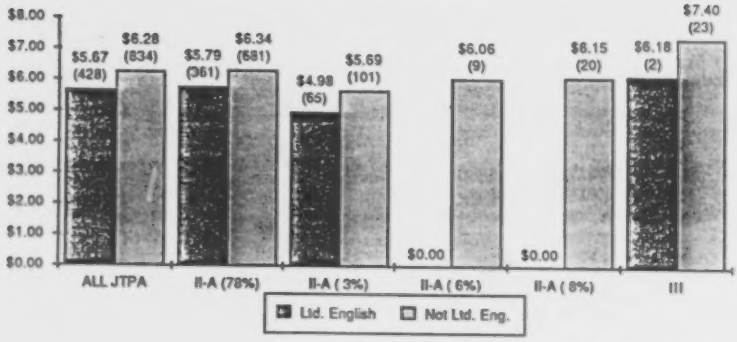
Source: Private Industry Council of San Francisco, Inc.

PY'87: AVERAGE WAGE AT PLACEMENT BY ETHNICITY
Title II-A (78%) Basic Adult-Youth Programs



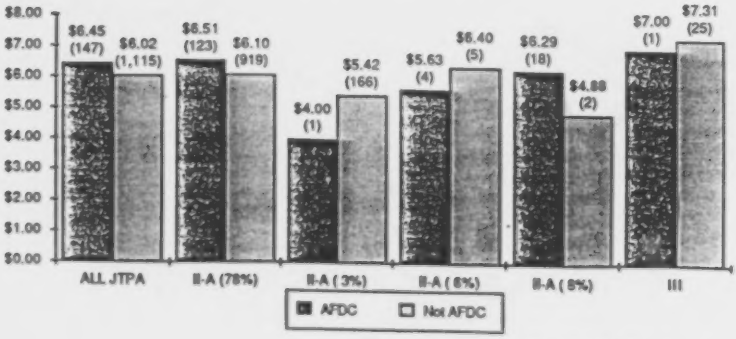
Source: Private Industry Council of San Francisco, Inc.

PY'87: LTD. ENGLISH AVERAGE WAGE AT PLACEMENT
JTPA Titles II-A and III



Source: Private Industry Council of San Francisco, Inc.

PY'87: AFDC AVERAGE WAGE AT PLACEMENT
JTPA Titles II-A and III



Source: Private Industry Council of San Francisco, Inc.

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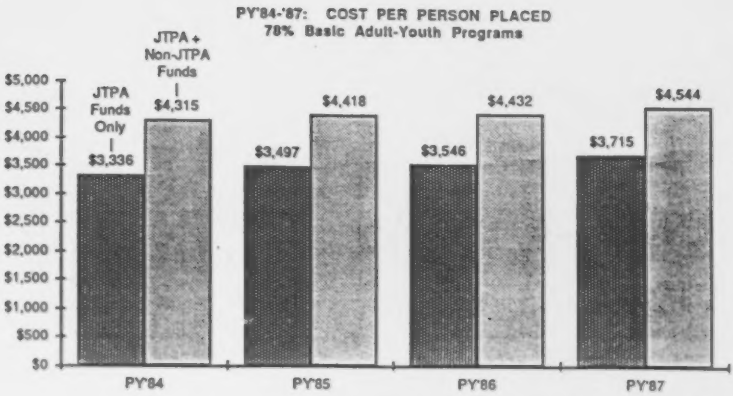
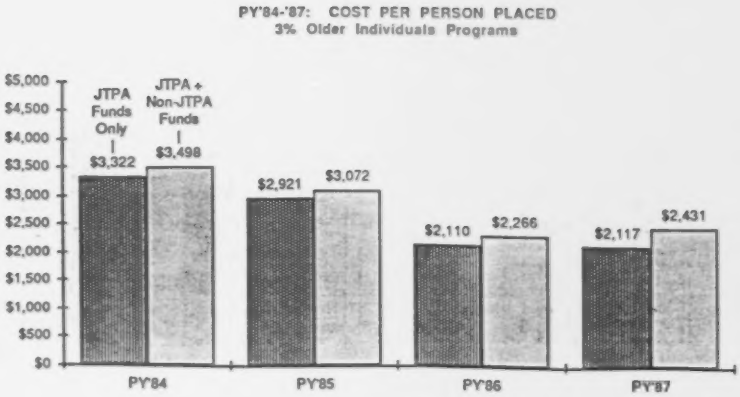


Source: Private Industry Council of San Francisco, Inc.



Source: Private Industry Council of San Francisco, Inc.

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Sally E. James
Executive Director

September 8, 1989

Hon. Augustus F. Hawkins
Chairman
Committee on Education and Labor
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Hawkins:

As requested by your staff at the hearing in San Francisco July 7 on the 1989 Amendments to JTPA, we are providing our written testimony which is the expanded text of Mr. Tilles' oral remarks.

Thank you for this opportunity to share our experience with and commitment to older workers.

Our best wishes during your deliberations on this important issue. Should you need additional data or clarification, do not hesitate to contact us.

Sincerely,

Michael Tilles

Michael T. Tilles
Chair, Northern California Forum on Older Workers

Sally E. James

Sally E. James
Executive Director, Careers for Older Americans

cc: Senate Committee on Labor and Human Resources
House Committee on Education and Labor

A non-profit corporation which promotes fulfilling employment opportunities for older workers.
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AN EQUAL OPPORTUNITY EMPLOYER

THE NEED FOR TARGETED JOB TRAINING AND PLACEMENT PROGRAMS FOR OLDER WORKERS

WRITTEN STATEMENT TO ACCOMPANY ORAL TESTIMONY
OF JULY 7, 1989

ON

H.R. 2039 - 1989 AMENDMENTS TO THE JOB TRAINING PARTNERSHIP ACT

BEFORE THE

EDUCATION AND LABOR COMMITTEE

U.S. HOUSE OF REPRESENTATIVES

HONORABLE AUGUSTUS F. HAWKINS, CHAIRMAN

Michael T. Tilles
Chairman
Northern California Forum on Older Workers

Sally E. James
Executive Director
Los Angeles Council on Careers for Older Americans

SEPTEMBER 1989

THE NEED FOR TARGETED JOB TRAINING AND PLACEMENT PROGRAMS FOR OLDER WORKERS

CHAIRMAN HAWKINS AND COMMITTEE MEMBERS:

We appreciate this opportunity to provide the Committee with our written statement in support of the oral testimony given before the Committee on July 7, 1989, by Michael Tilles. This opportunity is particularly important because older workers and older worker programs have not been highly visible. Older workers were not visible under the JTPA predecessor, CETA, because older workers were subsumed and consequently under-served within the adult programs.

They are seldom visible today because older worker programs have low priority within the current JTPA structure. Local Service Delivery Areas (SDAs) concentrate their efforts on the mainstream 78% adult programs. That is where they receive most of their funding and devote most of their time and energy.

That older workers are served at all is only because Congress mandated that 3% of JTPA funds be targeted for their needs. H.R. 2039 recommends many improvements for JTPA, yet we fear that without mandating specific levels of service or maintaining the 3% targeted programs, SDAs will give older workers even less priority, and older worker program services will cease to exist.

For this statement, we focus on three major issues and offer our recommendations for consideration during the debate on the Amendments to the Job Training Partnership Act of 1989:

I. Unique barriers and services for older workers

II. Program and cost effectiveness

III. National policy and the aging work force

IV. Recommendations

I. UNIQUE BARRIERS AND SERVICES FOR OLDER WORKERS

There is a perception that older worker programs have not functioned well. During the start-up in early 1984 and program year 1984 - 1985, this perception was correct. It should not be surprising given that there were no trained staff meeting the unique needs of this group.

The reason that so many programs did so poorly is that initially we modeled our services after 78% programs designed for adults who were typically 22 - 40 years old. But we learned that recruitment, counseling, training and job development for older workers must differ from the services provided by 78% programs.

RECRUITMENT

Older workers will not be found in the same places and doing the same things as twenty-five year olds. Nor will an outreach message directed to the typical 78% participant appeal to the average older worker.

INTAKE

Older workers are not accustomed to what they perceive as invasive personal questions that must be asked for JTPA enrollment. Therefore, the process of interviewing and intake must be modified from that utilized by many 78% programs. Often intake workers for 78% programs have little experience in dealing with applicants who are significantly older than they are. Intake workers lack the training and sensitivity to understand what an unemployed worker over 54 years old is experiencing: anxiety about competing with younger workers, fear of age discrimination, fear of being "out of date", as well as the normal combination of hurt and frustration about being unemployed.

Those now serving older workers in 3% programs have developed their recruitment and intake procedures to address the barriers which differentiate older workers from other JTPA participants.

COUNSELING

Both assessment and counseling for a 3% program are significantly different than for 78% programs. By virtue of their life experiences, older workers bring a wealth of competencies and skills which must be viewed as integral elements in developing an employability plan. An ability to assist older workers in recognizing the transferability of their skills is critical for 3% services. This assessment ability is less vital for work with 78% participants who have little or no work history.

A counselor must be able to assist the older worker in dealing with many psychological problems which confront each of us as we age such as changing values and new perceptions of self. Older workers confront these and other concerns which rise in importance as we age, such as need for health insurance, loss of a spouse, concern for retirement, decline of physical stamina. The staffs of 78% programs have not been trained to provide the specialized counseling that older workers require.

TRAINING AND RETRAINING

Because most 3% programs attempt to capitalize on the skills that older workers possess, training for older workers should be different than that for 78% participants. More of the training time should be spent in assisting older workers in learning to transfer their skills to meet current labor market needs.

When basic skill training is required, the methodology utilized must differ significantly from a traditional classroom setting. Research shows that we learn differently as we age, but many 78% programs have not utilized this knowledge.(Botwinick, 1978) As a result, older workers are perceived by 78% staff to be poor students, not profiting from classroom training, when in reality the fault lies not with the older students, but rather with the methodology and curriculum. The 3% service providers have recognized these issues and adapted their training accordingly, which, in turn, have resulted in more successful programs.

JOB DEVELOPMENT

Job development and placement services must also be different. Older workers have unique barriers to employment, the foremost of which is age discrimination. Job developers must be trained to overcome this barrier, and related ones, which confront older workers. For example, unless they are appropriately trained, staff will not be aware that many older workers have seldom had to competitively interview for jobs, and therefore are at a significant disadvantage during the interview process. This often "dates" workers for the interviewer, leading to a subtle form of age discrimination.

Because many older workers began their employment careers under very different labor market environments, they need significant help from job developers sensitive to their needs and histories. Similarly, job developers need training to communicate the value of older workers to employers and to focus on their clients' experience, maturity and dependability.

Older worker programs reach the hard to serve, the most needy. The 3% programs have no 10 percent window; all clients are economically disadvantaged. Older worker programs reach those struggling to survive on meager social security benefits. They are caught in a double bind of needing more income and fearful of exceeding the social security earned income limit. For this reason, many seek part time jobs. Many older workers have basic literacy skills; their employment problems include

out-dated skills rather than lack of basic education.

II. COST AND PROGRAM EFFECTIVENESS

COST EFFECTIVENESS

Rather than under-spending, in 1986 States spent 111% of their annual 3% allocation, and in 1987, States spent 124% of their allocation. Carry-over of funds today does not reflect the results of current efforts, but rather under-spending from the difficult initial years. (See Table I.)

We are concerned that much of the Congressional decision making about 3% is based on out-dated and incomplete information from the Department of Labor: data which emphasizes poor performance in the start-up years and de-emphasizes the excellent performance of the most recent years. For example, while it is true that $30 million dollars available to older worker programs during program year 1987 went un-spent, that figure distorts the fact that 3% service providers expended $13 million above the annual $54.5 million allocation.

If service/expenditures remain at a constant rate, we will have totally exhausted previous carry-over funds by program year 1990, the year in which these amendments are proposed to take place.

The experiences in California are a case in point. Rather, than under-spending, we are exceeding our placement goals and our funding allocations. In Alameda County, we expended the available 3% funds, asked for and were granted supplemental funds from the State. In the City of Los Angeles, we exhausted our 3% funds, including all excess carry-over from previous years, and the SDA allocated additional funds from under-expended 78% money.

"MAINSTREAMING" IN 78% PROGRAMS

Programs for adults funded by 78% funds have a dismal record of service to those 55 and older. Their outreach, training, and job development programs have failed to attract or serve the unique needs of the mature job seeker. We believe the 78% service providers' priorities and programs preclude effective service for this group. For example, during program year 1987 - 1988, the small 3% program assisted 41,927 clients age 55+, which was 72% of the total 58,134 older workers served nationwide by JTPA Title II A. Similarly, in California, 2986 (73%) of all JTPA Title IIA clients 55 years old and older were served by the tiny 3% program.

Only 2% of the 78% enrollees nationwide were 55 and older. In California, only 1.9% of the clients in 78% programs were 55+; in Los Angeles City, only 1.3% of the adult program clients were 55+, in spite of the fact that the Los Angeles SDA made a special effort to encourage the enrollment of all adults, regardless of age, in their 78% programs, and in spite of the fact that the U.S. Census identified 18.75% of the JTPA eligible population in Los Angeles as over 55. In Alameda County, 78% programs had fewer than 2% of their clients 55+. (See Table II)

Some have argued that 78% programs do not serve older workers because of the existence of the 3% set aside. As we stated earlier, however, "mainstreaming" older workers into existing adult programs is doomed to fail because these programs are

geared to serve a much younger and a much different clientele. Because the potential client base for JTPA far exceeds the available funding, it is not in the best interest of 78% programs to re-train staff to serve older workers. Even the most altruistic program manager would not consider it fiscally prudent to convert 5-15% of his program for a new constituency.

DIFFERENT PROGRAM MODELS: URBAN AND RURAL

In many communities, it is simply not cost effective for local SDAs to have a separate program for older workers where the target older population is small. In these areas, the unique needs of older workers have often been met through regional or statewide coordination of older worker 3% programs.

In Michigan, one consolidated State funded 3% program serves older workers in 26 separate SDAs. The amendment proposed to operate older worker services at the SDA level would totally fragment this exemplary effort. In several rural States such as Arkansas and Vermont, the programs have been effective as statewide efforts. (See Attachment A - A Statewide Older Worker Program: Arkansas).

It has taken several years of trial and error to build these programs into the efficient services they are today. To dismantle them by administering them through local SDAs would be a waste of well-trained, specialized resources.

III. NATIONAL POLICY AND THE AGING WORK FORCE

Older worker programs would seem to be one of Congress' best

efforts at planning for the future. We are mystified by the Administration's and Congress' attempt to move older workers back to anonymity at the very time when government reports and business leadership are acknowledging the aging of our work. As the number of young workers entering the labor market shrinks, older workers will become the fastest growing source of labor. (See especially, Workforce 2000 and Older Worker Policy Issues, DOL, 1988 and 1989.) With the rapid advancements in technology, older worker skills are fast becoming obsolete. With the re-training offered by 3% programs, older workers become an increasingly valuable resource.

We recognize that the proposed language of H.B. 2039 requires SDAs "to make special efforts to identify and serve on an equitable basis a number of individuals 55 years of age or older". But this language is insufficient. Just as the amendments improve the targeting for our youth, similar specific goals must be mandated to target the older workers. Based on past experience such as that with CETA, and current experience with 78% performance, service to older workers simply will not occur, unless a targeted program is mandated.

Finally, it should be noted that JTPA is our major national policy statement about employment. As such it should contain recognition of the aging work force, the need to identify and adopt new strategies for the changing demographics, and the need to "reconsider traditional methods of recruiting, training/retraining and managing older workers" (See Report of the Secretary of Labor, Older Workers Task Force: Key Policy Issues).

Putting total emphasis on the youth initiatives, diminishes

recognition of the other end of the work force at the very time it is growing in size and need for service.

VI. RECOMMENDATIONS

Based on our knowledge of and perceptions about the unique needs of older workers, we recommend the following for consideration.

A. Retain targeted older worker programs with allowances for differences in urban and rural service needs.

B. Mandate performance standards specifically for older workers which allow for their unique employment needs and experiences

*Counseling and JSA versus classroom training

*Part time as well as full time work options

*Retraining as well as literacy and basic skills

C. Funding which recognizes that appropriate training related services are as valuable and necessary for older workers as long term classroom training is for younger job seekers.

Michael Tilles, director of employment and training programs for Catholic Charities, Diocese of Oakland, California, is Chairman of the Northern California Forum on Older Workers. The forum addresses concerns of the older worker service provider community and includes public and private representation from 11 counties: Alameda, Contra Costa, San Mateo, Santa Clara, San Francisco, Marin, Solano, Sacramento, San Joaquin, Sonoma, and Napa.

Sally E. James, executive director of the Los Angeles Council on Careers for Older Americans, coordinates a network of 57 independent public and private offices in southern California which provide services for older workers; 20 of the network offices receive JTPA 3% funds and 14 utilize Title V, Older Americans Act funds.

TABLE I

JTPA OLDER WORKERS JOB TRAINING PROGRAMS NATIONWIDE
ESTIMATED 3% EXPENDITURES AND PROJECTED EXPENDITURES

PROGRAM YEARS 1984 - 1990*

(In millions)

Program Year	Allotment	Available	Expend	% of Allot.	% of Avail
Transition 84 9 mos.	$42.3	$42.3	$12.3	29%	29%
PY 84-85	55.9	85.3	38.4	67%	45%
PY 85-86	55.9	103.7	52.9	95%	51%
PY 86-87	53.9	103.1	59.8	111%	58%
PY 87-88	54.5	97.6	67.6	124%	69%
PY 88-89**	55.5	85.7	74.6	134%	87%
PY 89-90**	55.5	66.6	81.6	147%	122%

* Precise figures on expenditures and available carry over funds are difficult to obtain. The U.S. Department of Labor is unable to provide complete data for the start up program and Program Year 1984-85; data was inconsistent for Program Years 1985 - 1988. This table is our best effort to compile data obtained from the U. S. Department of Labor, the National Governors Association, the State of California and several local service providers. Inconsistencies among "allotment", "available", and expenditure percents may be due to the exclusion of Alaska, New Mexico and the Territories from some of the program year totals.

** Projections for Program Years 1989 and 1990 are based on a conservative assumption of program service and expenditures at an annual 10% growth. Such growth could not occur unless supplemental funds are allocated by JTPA and/or other funding sources.

TABLE II

JTPA OLDER WORKERS TITLE IIA 78% AND 3 % TERMINATIONS

PROGRAM YEAR 1987 - 1988

TERMINATIONS BY PROGRAMS	ALL	CALIF.	LOS ANGELES CITY
TITLE II A, 78%	817,698	59,196	12,308*
AGE 55+	16,207	1,124	160*
% 55+	2%	1.9%	1.3%
TITLE II A, 3%	41,927	2,986	412
TITLE IIA, 78% & 3% AGE 55+	58,134	4,110	572
% ALL 55+ IN 3% PROGRAMS	72%	73%	72%

SOURCES: Estimates from U.S. Department of Labor, State of California JTPD Office, City of Los Angeles Training and Job Development Division, Community Development Department

* Estimates for total city of Los Angeles 78% clients projected from percents provided by the city.

ATTACHMENT A

A STATEWIDE OLDER WORKER PROGRAM: ARKANSAS

Millie is an attractive, pert 72-year-old single woman. She is always well-dressed and very personable. Millie works as a data clerk with us at Arkansas ABLE.

Arkansas ABLE (Abilities Based on Long Experience) is a not-for-profit agency that helps Arkansans 55 years of age and older get jobs. Arkansas ABLE administers the statewide Job Training Partnership Act (JTPA) 3% Set Aside for Older Workers and has since JTPA began in 1983.

Millie has worked at ABLE for three years. We hired her through the JTPA 3% Set Aside. Millie has lived alone since her husband left her 25 years ago. She has no children and is the sole support for herself. She works for ABLE parttime and earns $5.62 cents per hour.

Millie is typical of the 4,083 older Arkansans who have gotten jobs through the 3% Set Aside since the program began in 1983. More than 63 percent are women, many widowed and divorced, 40% of whom have been unemployed at least one year. Millie's work ethic is also typical of our clients. She has only been sick two days in the three years she has worked with us. She is a serious worker, always looking for things to

do when her own work is fininshed. She is a "giver" and brings cookies and a cheerful personality to our office. She is accurate, dependable, considerate, and dedicated to doing her best job. What more could an employer want?

If it hadn't been for the 3% Set Aside, Millie would probably still be unemployed. Had she gone to the local Service Delivery Area for help, they probably would not have worked with her. First of all, she didn't need any occupational training. She has more than 35 years' experience in office work. The local SDA has a mandate to enroll a certain percentage of their participants into occupational training. Second, Millie only wanted to work part-time because she cannot take the stress of a full time job. The SDA doesn't recognize part-time work as legitimate. Third, Millie would have gotten lost in the SDA process of going to three different locations to be certified, enrolled, trained, and finally placed. Six of our Job Club clients did. We sent them over to be certified and they never came back. Many older people are insecure enough as it is about their ability to work without being further intimidated by the "beaucratic shuffle". Finally, Millie probably would not have been helped by the local SDA because last year they only worked with 3 older people, 1.0% of the total number of JTPA persons they worked with (even though the eligible population of 55+ in this SDA is 11.1%).

H.R. 2039 proposes to eliminate the 3% Set Aside for Older Workers. Although the bill includes "strong recommendations" that the local Service Delivery Areas serve older workers, we know from years of previous manpower programs that this age group does not get served when main-streamed into regular employment and training programs.

Arkansas ABLE began in May 1982 with a CETA grant for $46,000. From the beginning, we established a statewide delivery system by subcontracting through our state's eight Area Agencies on Aging. Each year, we have exceeded our planned placement goals. And, each year, since 1986, we have spent nearly 100% of our total available dollars (including carryover). ABLE has received regional awards from the Department of Labor for the past three years the awards have been presented. This year we were recognized for our efforts with linkages and coordination. In 1988, ABLE received one of ten JTPA Presidential Awards and in October of this year we will be recognized by the National Alliance of Business as one of ten Distinguished Adult Programs in the United States.

Don't tell us the 3% Set Aside for Older Workers doesn't work. We know it does work. And it works because of a statewide delivery system which insures uniform standards and delivery methods, on-going training and research concerning older workers, agencies and staff who are dedicated to the older human being and recognize the unique needs of this age

group, and because the sole focus is on the older worker. Besides, 77 percent of our Older Worker staff are themselves older workers, so they have the empathy and first-hand experience of looking for jobs as older job seekers.

Arkansas ABLE appreciates Congressman Hawkins' concern with maximum utilization of federal dollars and the critical need of so many groups for such few funds. But, we implore the Congressman to re-examine his proposal to eliminate the Set Aside for Older Workers. Instead of "throwing the baby out with the bathwater," good fiscal management dictates that the Congressman and the Subcommittee on Employment and Training look at delivery system models across the country that do work and insist that states that are not succeeding with their older worker programs replicate these models. Arkansas is an excellent example. So are Vermont and Louisiana, both of which have statewide delivery systems similar to ours.

In states where large cities dominate and where demographics and geography prohibit a tightly-knit statewide system, the networking model from which Arkansas ABLE is fashioned is an award-winning and successful older worker program model, one which is utilized by some of the best older worker programs in the country. Attached as part of this testimony is a booklet describing this model.

America's supply of workers is fast dwindling. And the traditional group to whom we look to supply new labor, those 16 - 24 years of age, is not only getting smaller, but is less prepared to enter the labor market. It is indeed important to concentrate energy and resources on this deficit population. However, such work takes years to succeed. In the short-term, it is vital to continue the 3% Set Aside program for older workers, to continue to keep the labor force productive until these younger workers are adequately prepared to come on board.

H.R. 2039, JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

WEDNESDAY, SEPTEMBER 20, 1989

House of Representatives,
Committee on Education and Labor,
Washington, DC.

The committee met, pursuant to notice, at 9:45 a.m., in Room 2175, Rayburn House Office Building, Hon. Augustus F. Hawkins [Chairman] presiding.

Members present: Representatives Hawkins, Martinez, Hayes, Perkins, Payne, Lowey, Poshard, Mfume, Goodling, Petri, Gunderson, Bartlett, Henry, Grandy, Ballenger, and Smith.

Staff present: Terri Schroeder, legislative analyst; Carole Stringer, legislative analyst; Beth Buehlmann, minority education coordinator; and Tracy Hatch, minority professional staff member.

Chairman Hawkins. The Committee on Education and Labor is called to order. Today the committee will continue its hearings on H.R. 2039, the Job Training Partnership Act Amendments of 1989, and related proposals.

These initiatives represent Congress' attempts to better target the JTPA program to the economically disadvantaged adults and youth with the greatest need for employment and training services.

I think with that opening statement, you are fully aware of what the hearing is all about. I would ask that my statement in its entirety be included in the record if there is no objection.

[No response.]

Chairman Hawkins. So ordered.

I ask the other members of the committee if they have any opening statements at this time.

[The prepared statements of Hon. Augustus F. Hawkins and Hon. Matthew G. Martinez follows]

COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
2181 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515

OPENING STATEMENT OF CHAIRMAN AUGUSTUS F. HAWKINS

Today the Committee will continue its hearings on H.R. 2039, the Job training Partnership Act Amendments of 1989, and related proposals. These initiatives represent Congress' attempts to better target the JTPA program to the economically disadvantaged adults and youth with the greatest need for employment and training services. This hearing, hopefully, will sharpen the debate on the future direction of the Job Training Partnership Act and help refocus the program to alleviate some of the nation's labor market problems.

There is a dearth of qualified workers to meet the demands of today's workplace. To remain competitive, our workforce needs people with good basic literacy and employability skills. Yet, over 25 million people are functionally illiterate, 3 million are long-term dependents on welfare, and almost a million youth fail

to complete high school each year. Many of these people are represented in the over 6 million individuals who are currently unemployed. Many more are underemployed or have dropped out of the labor force and are no longer counted in the official rolls. The Job Training Partnership Act is supposed to be helping these individuals to achieve economic self-sufficiency.

JTPA, in my view, has failed to reach them. School dropouts are also underserved and receive little remedial education in the program. Various reports have been issued which document underrepresentation of Hispanic and Blacks in JTPA programs. JTPA services are driven more by short-term placements rather than by long-term employability enhancements. Moreover, there are few incentives in the system for providing quality training or intensive services for the neediest.

Pending before this Committee are several proposals to redirect the JTPA program to the harder-to-serve among the eligible population. The improvements in H.R. 2039 move in that direction. This bill targets limited JTPA resources to the least skilled and most disadvantaged individuals. It retains the summer youth employment program, but creates a separate year-round youth intervention program with special emphasis on

school dropouts and at-risk youth. It modifies the current performance standards to promote delivery of services to the hard-to-serve. It provides more funds for administrative and support services necessary for the targeted population. Finally, H.R. 2039 authorizes more funds to support the enhanced activities.

There is no doubt that education, employment and training are the essential elements to building a competitive workforce. JTPA should be a major player in the construction of that human investment system. It is imperative that we provide the refinements and resources necessary to improve the status of those at the bottom of the economic ladder. We, as a nation, cannot afford to do less.

We welcome our witnesses today and look forward to their views on H.R. 2039 and the related proposals to improve the Job Training Partnership Act.

STATEMENT OF CHAIRMAN MATTHEW G. MARTINEZ, HEARING ON HAWKINS' JTPA AMENDMENTS, HR. 2039 WEDNESDY, SEPT. 20, 10:00 2175 RAYBURN

MR. CHAIRMAN, I MUST COMMEND YOU FOR YOUR TIRELESS EFFORT TO DIRECT FEDERAL TRAINING EFFORTS TOWARD THE LONGTERM NEEDS OF THIS THIS COUNTRY.

THE REFORMS ENTAILED IN HR. 2039 ARE CRITICAL IN BREAKING THE CYCLE OF POVERTY AND DEPENDENCY AMONG THE MOST SKILL DEFICIENT SEGMENT OF OUR SOCIETY. I AM ALSO VERY PLEASED THAT THE ADMINISTRATION AND THE SENATE HAVE ALSO INTRODUCED SIMILAR LEGISLATION RECOGNIZING THAT THE JTPA MUST EMPHASIZE QUALITY TRAINING OVER TRAINING.

AS CHAIRMAN OF THE SUBCOMMITTEE WITH JURISDICTION OVER THE EMPLOYMENT TRAINING PROGRAMS, AND OVER FULL EMPLOYMENT AND PRODUCTIVITY POLICIES OF OUR NATION, IT IS CRITICAL THAT WE SET POLICIES THAT ARE COORDINATED WITH VARIED PROGRAMS AND SYSTEMS AT THE STATE AND LOCAL LEVELS. AS RESPONSIBLE OFFICIALS FOR THE LIMITED TAX DOLLARS AT OUR DISPOSAL, WE MUST ENSURE THAT PUBLIC DOLLARS SPENT GIVE US THE BEST RETURNS FOR OUR INVESTMENT.

BY THIS PRINCIPLE, WE NEED TO SEE TO IT THAT THOSE IN SOCIETY WHO ARE THE MOST IN NEED OF SKILLS TO MAINSTREAM INTO LABOR FORCE 2,000 RECEIVE THE ASSISTANCE OF FEDERAL TRAINING

DOLLARS. WE MUST ALSO RECOGNIZE THAT SUPPORT SERVICE FOR THESE HIGHLY VULNERABLE INDIVIDUALS BE PROVIDED TO ENSURE LONGTERM SUCCESS AND PERMANENT WORK ATTACHMENT. SOCIETY REAPS THE COST BENEFIT OF THESE FAR-SIGHTED POLICY DECISIONS.

I HAVE INTRODUCED A COMPLEMENTARY BILL, HR. 3266, TO CHAIRMAN HAWKINS' JTPA PROPOSAL, HR. 2039, TO ADDITIONALLY ADRESS SOME OF THE COMMON CONCERNS WE SHARE. THE BILL I HAVE OFFERED WILL MAKE THE JTPA SYSTEM MORE ACCOUNTABLE, WILL PROVIDE CHILD CARE SERVICES TO TRAINEES, WILL TARGET OLDER WORKERS FOR TRAINING, WILL CREATE LINKAGES BETWEENS JTPA AND THE OLDER AMERICANS ACT PROGRAMS, WILL DEVELOP CRITICAL LABOR SHORTAGE AND WAGE DATA FOR TRAINING BASE, WILL REFORM THE INDIAN JTPA TRAINING PROGRAM, AND WILL UPDATE MIGRANT FARMWORKER PROGRAM ADMINISTRATION.

I AGREE WITH CHAIRMAN HAWKINS THAT TO BREAK THE CYCLE OF POVERTY AND WELFARE DEPENDENCY, AND REDUCE THE DRAG ON SOCIETY, WE MUST TARGET THE LONGTERM UNEMPLOYED, THE SCHOOL DROPOUTS, AND THE TEENAGE, SINGLE MOTHERS. I TRUST THAT THE CHAIRMAN WILL AGREE THAT THE PROVISIONS OF MY BILL, HAVE MERIT WHICH HE MAY ADOPT IN HIS BILL.

LEGISLATION INTRODUCED IN THE HOUSE AND SENATE REFLECT AN EFFORT TO ADRESS SOME BASIC CONCERNS THAT MANY IN THE TRAINING AND CLIENT COMMUNITY HAD ABOUT EXISTING ADMINISTRATION OF THE JTPA PROGRAM. IT IS MY EARNEST HOPE THAT THE HOUSE COMES OUT WITH THE STRONGEST AND MOST COMPREHENSIVE BILL WHICH GIVES THE UNSKILLED INDIVIDUALS OF OUR SOCIETY THE BEST SUPPORT AND TRAINING OPPORTUNITY TO HELP THEM BECOME CONTRIBUTING WORKERS OF OUR WORKFORCE.

I COMMEND THE CHAIRMAN FOR HIS LEADERSHIP IN MAKING JOB TRAINING REFORMS AND LOOK FORWARD TO HEARING FROM OUR ESTEEMED WITNESSES BEFORE US TODAY.

Chairman HAWKINS. We will now get into the business of the hearing. We have several panels. We look forward to very exciting testimony. We may be interrupted by the clock, as you well know, at any particular time. If so, we will take a brief recess and try to complete as soon as possible the complete calendar.

I would ask the witnesses to be as brief as possible, leaving time to be questioned and provide us with the opportunity of having a rather informal and a very constructive hearing.

The first panel will consist of the Honorable Donald Fraser, Mayor of the City of Minneapolis, representing the League of Cities; the Honorable James Moran, Mayor of Alexandria, Virginia, representing the U.S. Conference of Mayors; the Honorable Hubert Price, Jr., County Commissioner, Oakland County, Michigan, representing the National Association of Counties; and Mr. Raymond C. Scheppach, Executive Director of the National Governors Association.

Those individuals whose names have been called out please be seated at the witness table. May I, on behalf of the committee, not only welcome you but express the appreciation of the committee for having taken the time out of very busy schedules to be here today.

I would like to give a personal welcome to our dear former colleague, Mr. Donald Fraser. For a number of years, we enjoyed an association with him that we will always remember. We certainly appreciate the many courtesies, Don, that we've had whenever the committee members and staff visited Minnesota.

You happen to be the first witness, so we will lead off with you.

STATEMENTS OF THE HONORABLE DONALD FRASER, MAYOR OF MINNEAPOLIS, MINNESOTA, REPRESENTING THE LEAGUE OF CITIES; THE HONORABLE JAMES MORAN, MAYOR OF ALEXANDRIA, VIRGINIA, REPRESENTING THE U.S. CONFERENCE OF MAYORS; THE HONORABLE HUBERT PRICE, JR., COUNTY COMMISSIONER, OAKLAND COUNTY, MICHIGAN, REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES; MR. RAYMOND C. SCHEPPACH, EXECUTIVE DIRECTOR, NATIONAL GOVERNORS ASSOCIATION

Mr. FRASER. Thank you very much, Mr. Chairman. I am Donald Fraser, Mayor of the City of Minneapolis. I am here today to testify on behalf of the National League of Cities. Let me first thank the Chairman for your leadership, your continuing leadership, in addressing the problems of unemployed folks and especially unemployed youth.

I would like to have my entire statement put into the record, if I may, and I will——

Chairman HAWKINS. Your statement, and all of the statements, will be entered in the record in their entirety. Thank you.

Mr. FRASER. Thank you, Mr. Chairman.

I will just pick up some of the points I think are directly relevant to the legislation that you are working on. Let me first tell you that the changes that you suggested in Titles II-A, the Adult and Youth, and the II-B are commendable.

NLC, the National League of Cities, believes strongly that programs designed specifically for youth should be included in any alteration of the JTPA program. We do support the proposed increase to 84 percent of a states allotment that must go to the SDAs.

We are pleased that the bill retains the 90 percent hold harmless provision. We are concerned, though, that in funding reallocations, that the idea of "robbing Peter to pay Paul" may take place.

The reductions in the summer youth funds have been serious. Nationally, the funding for Title II-B did drop 32 million below last years 718 million dollar level. In Minneapolis, that meant that we experienced a substantial cut in funding. Between 1986 and 1989, we lost 800 summer youth slots. So it had a major impact on our community.

I might add that one of the results was that we used general local property tax funds to put more youth to work in the summer. So while the Congress may think it is not raising taxes, we are being given the opportunity at the local level to raise taxes to make up for the inability of Congress to address the deficit directly.

Our unemployed youth figure in our city, which is a city of 360,000, on the face of it is 5800, but in reality we have about 12,000 unemployed youth. The real data is lacking in accuracy, both to the age of the census data and the various additional factors that make it difficult to get an accurate measure.

Many youth do not seek employment, and if they did, it might have been short term and sporadic. We urge the Department of Labor to institute standards and procedures for gathering nationally standardized information on JTPA programs and participants.

We think that any meaningful evaluation of JTPA as a national employment and training effort cannot be made without national data that is developed according to uniform criteria.

We do support the targeting of the JTPA to those who are least job ready and the most disadvantaged; but with funding cuts, even that shift in emphasis creates problems. We do support the use of the Governors' six percent set-aside funds as bonus incentives to SDAs which target those most in need and the hardest to serve.

Let me just emphasize the problem that we are facing with our youth, not only those who do not graduate, but even those who do sometimes lack the basic skills. In my prepared statement, I note that the New York Telephone Company gave a 50-minute exam on basic reading and reasoning skills to 21,000 applicants for entry level jobs. Only 16 percent of the youth who took that examination passed.

According to the National Alliance of Business, by 1990, three out of four jobs is going to require some education or technical training beyond high school.

Well, we do support the separation of the programs into Titles II-A, II-B, and II-C. We very much support the continuation of a separate summer youth program. As I have already indicated, last year, because of the cut in funding, we used general property tax monies to supplement the shortfall in the Federal summer youth program monies.

Let me just finally observe that the problem of school dropout continues to be a major challenge to most urban centers in the

United States. The decision to leave school may also then be accompanied by becoming a teen parent, getting involved in drug abuse, crime, ending up, some frequently, on welfare.

So the consequences of dropping out of school can lead to a youngster being disconnected. We look at the possibility of a million each year falling into that category.

Mr. Chairman, I basically wanted to come and support the changes that you are proposing. We think that you have been doing a really good job and that the bill you are crafting essentially conforms to the basic principles that the National League of Cities endorses.

Thank you very much.

[The prepared statement of Hon. Donald Fraser follows:]

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STATEMENT OF MAYOR DONALD M. FRASER

MAYOR OF MINNEAPOLIS, MINNESOTA

before the

HOUSE EDUCATION AND LABOR COMMITTEE

on

THE JOB TRAINING PARTNERSHIP ACT (JTPA) AMENDMENTS

on behalf of

THE NATIONAL LEAGUE OF CITIES

September 20, 1989

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Statement of Mayor Donald M. Fraser before
the Education and Labor Committee
September 20, 1989

Mr. Chairman and Members of the Education and Labor Committee, good morning. I am Donald Fraser, Mayor of Minneapolis, Minnesota and I am here today to testify on behalf of the National League of Cities and the 16,000 cities and towns across the nation that we represent.

Mr. Chairman, before I begin my remarks, I would like to take a moment to extend to you my deep gratitude and appreciation from NLC to you and your colleagues and the committee staff for the outstanding job you are doing to strengthen the Job Training Partnership Act.

With the turn of the century less than eleven years away, the obvious changes in the international marketplace, and the social ills of our cities and towns, the employment and training needs of our nation need to be refocused. After six years, the program has a proven track record and with "updating" can be come even better.

TARGETING
The primary purpose of JTPA should be to prepare economically disadvantaged persons for participation in the labor force, and to help them secure and retain employment. Within the economically disadvantaged population, those persons regarded as most in need or hardest to employ should receive the highest priority as targets of JTPA programs and services. Secondly, JTPA should assist structurally unemployed, displaced workers in making the transition to new jobs.

The Act establishes a delivery system that relies primarily on local decisions and implementation. The local government basis of this delivery system should remain the foundation of any job training efforts. Full cooperation and commitment of the private sector is crucial to the successful operation of the local programs.

Chairman Hawkins, the changes you have suggested in Titles II-A (Adult and youth) and II-B (Summer Youth) are commendable. NLC believes strongly that programs designed specifically for youth be included in any alteration of JTPA.

We support the proposed increase (to 84 percent) of a state's allotment that must go to local SDA's. Moreover, we are pleased that the bill retains the 90 percent hold harmless provision. Consistency in funding is key to the success of any education and training program. We are concerned that the opposite will be the case. We are fearful that without a total commitment to increase funding in each area we will be faced with the "Rob Peter to pay Paul" syndrome.

Almost 69 percent of SDA's lost FY 1989 summer youth funds compared to last year. Nation wide, funding for Title II-B dropped $32 million below last year's $718 million. The loss in terms of actual services depends on the SDA. In Minneapolis, from 1986 to summer 1989 funding was reduced 43%, with

reduction of 800 in the number of youth receiving summer public assistance.

JTPA provides more than services dealing with symptoms. It goes to the very core of the employment problem. It is a program that can help prevent our youth from being lured into drugs by the hefty profits of the drug dealer. JTPA provides a means for taking back our youth and help them on a path to dignity and LEGAL economic self sufficiency.

In Minneapolis, a city of some 360,000, our youth unemployment figures indicate that we have 5,800 unemployed youth. But in real numbers, that figure is more like 12,000. Unemployment data for youth is lacking in accuracy both due to the age of census data and various additional factors such as the fact that many youth never sought employment and if they did it was short term and sporadic. In Minneapolis, school attendance is a must for youth involved in the year round JTPA programs.

We urge the Department of Labor to institute standards and procedures for gathering nationally standardized information on JTPA programs and participants. We feel that meaningful evaluation of JTPA as a national employment and training effort cannot be made without national data that is developed according to uniform criteria.

We are concerned that JTPA may not be serving adequately those people who are least job ready and most disadvantaged. There are indications that the combination of inadequate funding, wider eligibility, spending restrictions on stipends and support services and the thrust of the performance standards may produce a tendency to focus JTPA on individuals who are the most job ready and least disadvantaged. Forcing a choice between serving those who are badly-in-need and those who are almost as badly in need seems to us as unacceptable and poor policy. We specifically urge the use of Governors' six percent Set-Aside funds as bonus incentives to SDA's which target those most-in-need and hardest-to-serve. Programs willing to face this increasingly difficult challenge should not be penalized by stringent performance standards.

For a growing number of our youth who do not graduate from high school, the outlook for achieving the "American Dream" is elusive. For the many others who do graduate, the future is still not promising. Year after year, children are graduated without the ability to earn a decent living because they are functionally illiterate. To illustrate, in the first half of 1987, New York Telephone gave its fifty-minute exam in basic reading and reasoning skills to 21,000 applicants for entry-level jobs. Only 16 percent passed. According to the National Alliance of Business, by 1990 three out of four jobs will require some education or technical training beyond high school.

While we continue our efforts to prevent students from dropping out of school, we must focus significantly more on providing youth with the best backup we can. We support the provisions in your bill to separate youth employment and training activities in Title II-A from those of adults by creating a new Title C. Moreover, while we support the bill's provisions for a comprehensive year-round youth program we believe it is essential that communities be given the flexibility to continue to provide the current

Title II-B Summer Youth program to accommodate the differences in local conditions and needs.

Under the Hawkins bill, the separate Summer Youth program would be authorized at $900 million for FY 1990 and the new youth Title, II-C, would be authorized at $1 billion for the same year. The two youth titles would be operating under a revised formula. Currednt law places two-thirds emphasis on youth unemployment figures for Title II-B Summer Youth. The Hawkins plan would shift that emphasis to figures representing the economically disadvantaged with only a one-third factor on youth employment.

Changing the funding formula is a difficult issue to address. As the portion of the funding pie continues to decrease any change in formula will reduce the overall success of JTPA. As I have already said, an increase in funding is essential. But the difficulties in the distribution formula do not end with shifting the weighted factors away from unemployment data to that of the economically disadvantaged. The data used is ten years old and does not accurately reflect the true picture. True adjustment of JTPA cannot be achieved without first addressing the need for more accurate data.

We believe that along with separating youth out of Title II-A and creating a separate summer youth title there needs to be an increase in the federal financial commitment. We are acutely aware of the current federal deficit. However, we must not lose sight of the far greater cost we as a nation have and will continue to incur if we ignore the increased strain on our nation's social services.

YOUTH EMPLOYMENT

Successful efforts to reduce youth unemployment requires the involvement of all levels of government, schools, community organizations and the private sector. It is clear from the failure of many JTPA programs to spend their required 40 percent of funds on youth--let alone invest them effectively --that a greater commitment to serving youth is needed. It is also becoming increasingly clear that we must make greater investments in our schools to allow for year round educational programs, more intensive remediation efforts for basic skills attainment, and student job opportunities linked to staying in school.

The decision to leave school, made in one's teenage years, is almost certain to have negative consequences for an entire lifetime. Opportunity restrictions, earnings limitations and deficiencies in literacy and computational abilities represent just one set of consequences. Greater likelihood of becoming involved in crime or alcohol and drug abuse, of becoming a teenage parent and of being dependent on welfare are also the sad facts about dropouts. As in the case of adolescent pregnancy itself both a cause and effect of dropping our of school--the consequences of a million "disconnected" teens a year accrue to society as well.

One key to preventing teenagers from dropping our of school, we believe, is to identify those at risk of dropping out before they even become teenagers. It is critical to encourage the integration of JTPA resources within the broader human resource development system and the use of JTPA funds as leverage with other resources of funds to expand progrss design

opportunities.

We are pleased that the desire to make these changes has progressed cautiously and contemplatively to ensure that any changes made do not result in a net loss in services to our future and most precious national resource - our youth.

Chairman HAWKINS. Thank you, Mayor Fraser.

The next witness will be The Honorable James Moran. Mayor Moran, we welcome you.

Mr. MORAN. Yes, good morning, Mr. Chairman. We echo Mayor Fraser's appreciation of your leadership and of your colleagues on the committee.

The U.S. Conference of Mayors and its affiliate Employment and Training Council recognize how very essential JTPA has been. After almost six years, it is time to take stock of the needs of the work force of the next decade and to determine how JTPA can improve its role.

Predicted changes in the work force of tomorrow have been thoroughly debated, but such changes are already evident in many of our cities. Minorities, women, and immigrants already swell the urban work force.

JTPA is the only training program currently addressing the needs of the most disenfranchised portion of our work force; those adults and youth in poverty.

We have seven recommendations that we want to share with you. Five of them are included in the bill; two are in addition.

Number one, we support proposals to target limited JTPA resources on economically disadvantaged adults and youth with additional barriers to meaningful employment. Given current resources, maximizing the effectiveness of JTPA is of critical importance.

We do not believe, however, that designating a list of barriers or a specific number of barriers will improve service to those individuals who most need JTPA service. Individualized assessment of employability is the appropriate response to improving targeting.

Services follow assessed need. Any list of groups targeted for eligibility will inevitably omit some worthy individuals and may not leave mayors and PICs enough latitude to maximize our resources.

Second, we support the special emphasis on the need for services to youth in JTPA. Providing services for both youth still in school and for dropouts is absolutely necessary. Clearly, staying in school, obtaining a good foundation of basic skills and providing opportunities to let youth explore the talents they possess to develop self-esteem are preferable to dealing with young people who have already dropped out and come to believe they can do little right. The needs are different in different communities.

Third, we strongly endorse the continuation of an identifiable summer program. We support the emphasis on year-round programs for youth. We believe that there is still a need for summer work experience.

Year-round programs with a basic skills component work to keep youth in school and prevent the loss of learning over the summer. Both youth in traditional secondary schools, and those who may have dropped out but have returned for other education and training, must be eligible for service in the summer.

In addition, summer youth employment programs should be targeted to economically disadvantaged youth without further restrictions.

Fourth, we support the principle that the more disadvantaged population successfully served, the greater the incentive award

should be to the service delivery area. We recommend that performance standards for adults measure success in achieving increases in basic reading, math and communication skills when employment is also attained.

We also recommend exempting new and innovative programs for meeting performance standards in the start-up phase.

Fifth, the administrative expenditure limitation should be 20 percent due to the increased oversight needed to effectively direct the program. The renewed attention to client needs necessitates an increase in the use of a case management approach to service.

All of those points are in H.R. 2039. We have two more that we would like to see included. We support a formula to distribute funds that clearly recognizes the special needs of urban areas.

Formulas for both adults and youth should use data on economically disadvantaged individuals. The concentration of the economically disadvantaged should be the primary factor in the formula.

In Alexandria, and, in fact, throughout northern Virginia, we have an unemployment rate of about two percent. So you would think we have no problems. If you look further, deeper into the unemployed population, you recognize that for youth between 16 and 19, it is about 12 percent and for minority youth about 17 percent.

So we cannot ignore that portion of our population. Just looking at the unemployment rate, it is certainly not going to reveal the real problem.

Seventh, substantial additional funds are needed to reinvest in our human resources. We know that there has to be more funding for JTPA. The Job Training Partnership Act is a second-chance program, but it needs a first-rate commitment of resources.

In particular, we support more resources targeted to serve youth. For too long, human resource investment has taken a back seat to other national priorities. I am not telling you anything that you are not very much aware of.

Refocusing JTPA to serve a more disadvantaged adult and youth population with the need for more intensive services will be more expensive. JTPA currently serves less than five percent of the population eligible for services.

Expansion of the program must begin now so that service levels do not drop and, in fact, begin to grow. We recommend a renewed dedication of funds spanning the next decade to human resource investment programs like JTPA.

Finally, in a related issue, we have called this National Education Day. Throughout the country—I know Mayor Fraser is doing the same thing—we are spending more time in our schools and focusing attention on our schools.

We want to alert you to that initiative. We see the problems confronting our children as the most critical issue not only in urban America but throughout all America. Education is the primary means of addressing it.

Thank you for your attention, Mr. Chairman.

[The prepared statement of Hon. James Moran follows:]

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STATEMENT BY

JAMES P. MORAN, JR.
MAYOR OF ALEXANDRIA (VA)

ON BEHALF OF

THE UNITED STATES CONFERENCE OF MAYORS

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 1989

CHAIRMAN HAWKINS, MEMBERS OF THE COMMITTEE I AM JIM MORAN, MAYOR OF ALEXANDRIA. I APPEAR BEFORE YOU TODAY ON BEHALF OF THE U.S. CONFERENCE OF MAYORS, WHERE I SERVE ON THE HUMAN DEVELOPMENT COMMITTEE AND CHAIR THE SUBCOMMITTEE ON AGING. I AM PLEASED TO HAVE AN OPPORTUNITY TO DISCUSS WITH YOU SEVERAL OF THE ISSUES ADDRESSED BY YOUR LEGISLATION TO AMEND THE JOB TRAINING PARTNERSHIP ACT, H.R. 2039.

AMERICA'S MAYORS ARE BEING CHALLENGED AS NEVER BEFORE TO IMPROVE THE ECONOMIC WELL-BEING OF THE NATION'S URBAN RESIDENTS. CITIES ARE BY THEIR VERY NATURE CONCENTRATED AREAS WHERE PEOPLE LIVE, WORK, AND PLAY. MAYORS VIEW DYNAMIC ECONOMIC GROWTH AND THE PROVISION OF EMPLOYMENT OPPORTUNITIES AS KEY TO THE ECONOMIC HEALTH OF URBAN CITIZENS. ENSURING THAT ALL CITIZENS ARE ADEQUATELY PREPARED TO COMPETE IN TODAY'S WORKFORCE HAS MEANT THAT MAYORS MUST WORK CLOSELY WITH EMPLOYERS, THE EDUCATION COMMUNITY, AND OCCUPATIONAL TRAINING PROGRAMS DESIGNED TO ENHANCE THE POTENTIAL OF THE NATION'S PRIMARY NATURAL RESOURCE -- HER PEOPLE.

MAYORS, WORKING WITH PRIVATE INDUSTRY COUNCILS AND PROFESSIONAL PROGRAM ADMINISTRATORS, HAVE USED THE JOB TRAINING PARTNERSHIP ACT AS ONE TOOL IN THE CONTINUING EFFORT TO IMPROVE THE ECONOMIC CLIMATE OF CITIZENS AND TO PROVIDE OPPORTUNITIES FOR EVEN THOSE SEEMINGLY TRAPPED IN POVERTY. MAYORS RECOGNIZE JTPA AS A PROGRAM WITH MANY OF THE INGREDIENTS NEEDED BY URBAN RESIDENTS TO AVOID BECOMING AT-RISK OF NOT ACHIEVING SUCCESS IN THE LABOR MARKET OF TODAY, AND MORE IMPORTANTLY THE JOB MARKET OF TOMORROW. THESE INGREDIENTS INCLUDE:

- PRIVATE INDUSTRY COUNCILS WHOSE MEMBERS PLAY A LEADERSHIP ROLE IN ALL URBAN EMPLOYMENT AND TRAINING PROGRAMS.
- IMPROVED ACCOUNTABILITY MECHANISMS WHICH DIRECT ATTENTION TO THE DIVERSE NEEDS OF INDIVIDUALS MOST AT-RISK OF LABOR MARKET DYSFUNCTIONS.
- EMPHASIS ON INCREASED LINKAGES AND COLLABORATION WITH OTHER PROGRAMS ALSO AIMED AT THE POOREST OF OUR NATIONS' URBAN CITIZENS.

ALTHOUGH THE CONFERENCE OF MAYORS AND ITS AFFILIATE EMPLOYMENT AND TRAINING COUNCIL BELIEVE THAT JTPA HAS BEEN USEFUL IN ASSISTING URBAN RESIDENTS, AFTER ALMOST SIX YEARS IT IS TIME TO TAKE STOCK OF THE NEEDS OF THE WORKFORCE OF THE NEXT DECADE AND TO DETERMINE HOW JTPA CAN IMPROVE ITS ROLE. PREDICTED CHANGES IN THE WORKFORCE OF TOMORROW HAVE BEEN THOROUGHLY DEBATED, BUT SUCH CHANGES ARE ALREADY EVIDENT IN MANY CITIES. MINORITIES, WOMEN AND IMMIGRANTS ALREADY SWELL THE URBAN WORKFORCE. WHILE THE NUMBERS OF NEW ENTRANTS TO THE WORKFORCE WHO ARE YOUNG PEOPLE MAY BE DECLINING, WE CANNOT IGNORE TODAY'S GENERATION. JTPA IS THE ONLY TRAINING PROGRAM CURRENTLY ADDRESSING THE NEEDS OF THE MOST DISENFRANCHISED PORTION OF OUR WORKFORCE -- THOSE ADULTS AND YOUTH IN POVERTY.

FOLLOWING ARE THE RECOMMENDATIONS OF THE CONFERENCE OF MAYORS AND ITS EMPLOYMENT AND TRAINING COUNCIL ON PROVISIONS TO BE INCLUDED IN ANY AMENDMENTS TO THE JOB TRAINING PARTNERSHIP ACT TO BE APPROVED THIS YEAR:

1. <u>WE SUPPORT PROPOSALS TO TARGET LIMITED JTPA RESOURCES TO ECONOMICALLY DISADVANTAGED ADULTS AND YOUTH WITH ADDITIONAL</u>

BARRIERS TO MEANINGFUL EMPLOYMENT. GIVEN CURRENT RESOURCES, MAXIMIZING THE EFFECTIVENESS OF JTPA IS OF CRITICAL IMPORTANCE. WE DON'T BELIEVE, HOWEVER, THAT DESIGNATING A LIST OF BARRIERS OR A SPECIFIC NUMBER OF BARRIERS WILL IMPROVE SERVICE TO THOSE INDIVIDUALS WHO MOST NEED JTPA'S SERVICES. INDIVIDUALIZED ASSESSMENT OF EMPLOYABILITY IS THE APPROPRIATE RESPONSE TO IMPROVING TARGETING. SERVICES FOLLOW ASSESSED NEED. ANY LIST OF GROUPS TARGETED FOR ELIGIBILITY WILL INEVITABLY OMIT SOME WORTHY INDIVIDUALS AND MAY NOT LEAVE MAYORS AND PICS ENOUGH LATITUDE TO PROVIDE A COORDINATED STRATEGY FOR DEALING WITH THE UNDER-UTILIZATION OF HUMAN RESOURCES.

2. WE SUPPORT THE SPECIAL EMPHASIS ON THE NEED FOR SERVICES TO YOUTH IN JTPA. PROVIDING SERVICES FOR BOTH YOUTH STILL IN SCHOOL AND FOR DROPOUTS IS VALUABLE. CLEARLY, STAYING IN SCHOOL, OBTAINING A GOOD FOUNDATION OF BASIC SKILLS, AND PROVIDING OPPORTUNITIES TO LET YOUTH EXPLORE THE TALENTS THEY POSSESS TO DEVELOP A HEALTHY SELF-ESTEEM ARE PREFERABLE TO DEALING WITH YOUNG PEOPLE WHO HAVE DROPPED OUT AND COME TO BELIEVE THAT THEY CAN DO LITTLE RIGHT. BUT THE NEEDS ARE DIFFERENT IN DIFFERENT COMMUNITIES.

3. WE STRONGLY ENDORSE THE CONTINUATION OF AN IDENTIFIABLE SUMMER PROGRAM. WHILE WE SUPPORT THE EMPHASIS ON YEAR-ROUND PROGRAMS FOR YOUTH, WE BELIEVE THAT THERE IS STILL A NEED FOR SUMMER WORK EXPERIENCE. YEAR-ROUND PROGRAMS WITH A BASIC SKILLS COMPONENT WORK TO KEEP YOUTH IN-SCHOOL AND PREVENT THE LOSS OF LEARNING OVER THE SUMMER. BOTH YOUTH IN TRADITIONAL SECONDARY SCHOOLS AND THOSE WHO MAY HAVE DROPPED OUT BUT HAVE RETURNED FOR

OTHER EDUCATION AND TRAINING MUST BE ELIGIBLE FOR SERVICE IN THE SUMMER. IN ADDITION, SUMMER YOUTH EMPLOYMENT PROGRAMS SHOULD BE TARGETED TO ECONOMICALLY DISADVANTAGED YOUTH WITHOUT FURTHER RESTRICTIONS.

4. WE SUPPORT THE PRINCIPLE THAT THE MORE DISADVANTAGED POPULATION SUCCESSFULLY SERVED, THE GREATER THE INCENTIVE AWARD SHOULD BE TO THE SERVICE DELIVERY AREAS. WE RECOMMEND THAT PERFORMANCE STANDARDS FOR ADULTS MEASURE SUCCESS IN ACHIEVING INCREASES IN BASIC READING, MATH AND COMMUNICATION SKILLS WHEN EMPLOYMENT IS ALSO ATTAINED. WE ALSO RECOMMEND EXEMPTING NEW AND INNOVATIVE PROGRAMS FROM MEETING PERFORMANCE STANDARDS IN THE START-UP PHASE.

5. THE ADMINISTRATIVE EXPENDITURE LIMITATION SHOULD BE 20 PERCENT DUE TO THE INCREASED OVERSIGHT NEEDED TO EFFECTIVELY DIRECT THE PROGRAM. THE RENEWED ATTENTION TO CLIENT NEEDS NECESSITATES AN INCREASE IN THE USE OF A CASE-MANAGED APPROACH TO SERVICE.

ALL OF THE ABOVE POINTS ARE ADDRESSED IN H.R. 2039, OUR LAST TWO RECOMMENDATIONS ARE NOT ENTIRELY:

6. WE SUPPORT A FORMULA TO DISTRIBUTE FUNDS THAT CLEARLY RECOGNIZES THE SPECIAL NEEDS OF URBAN AREAS. FORMULAS FOR BOTH ADULTS AND YOUTH SHOULD USE DATA ON ECONOMICALLY DISADVANTAGED INDIVIDUALS AND THE CONCENTRATION OF THE ECONOMICALLY DISADVANTAGED SHOULD BE THE PRIMARY FACTOR IN THE FORMULA. USING DATA ON THE ECONOMICALLY DISADVANTAGED AS THE MAJOR FACTOR IN THE ALLOCATION FORMULA SHOULD PROVIDE MORE STABILITY THAN THE CURRENT FORMULA IN DEALING WITH STRUCTURAL UNEMPLOYMENT AND SHOULD

PROVIDE MORE FUNDS IN URBAN AREAS WITH MORE INDIVIDUALS AND FAMILIES IN POVERTY. TO ENSURE AN EQUITABLE DISTRIBUTION OF FUNDS, WE PREFER DIRECT ALLOCATION OF FUNDS FROM THE SECRETARY OF LABOR TO THE SERVICE DELIVERY AREA. AT A MINIMUM, WE SUPPORT SUGGESTED CHANGES FOR THE SECRETARY TO CALCULATE LOCAL ALLOCATIONS.

7. SUBSTANTIAL ADDITIONAL FUNDS ARE NEEDED TO REINVEST IN OUR HUMAN RESOURCES. THE JOB TRAINING PARTNERSHIP ACT IS A SECOND CHANCE PROGRAM, BUT IT NEEDS A FIRST RATE COMMITMENT OF RESOURCES. IN PARTICULAR WE SUPPORT MORE RESOURCES TARGETED TO SERVE YOUTH. FOR TOO LONG, HUMAN RESOURCES INVESTMENT HAS TAKEN A BACK SEAT TO OTHER NATIONAL PRIORITIES. REFOCUSING JTPA TO SERVE A MORE DISADVANTAGED ADULT AND YOUTH POPULATION WITH THE NEED FOR MORE INTENSIVE SERVICES WILL BE MORE EXPENSIVE. THE JTPA CURRENTLY SERVES LESS THAN FIVE PERCENT OF THE POPULATION ELIGIBLE FOR SERVICES. EXPANSION OF THE PROGRAM MUST BEGIN NOW SO THAT SERVICE LEVELS DO NOT DROP AND, IN FACT, BEGIN TO GROW. WE RECOMMEND A RENEWED DEDICATION OF FUNDS SPANNING THE NEXT DECADE TO HUMAN RESOURCE INVESTMENT PROGRAMS LIKE JTPA.

MAYORS LEAD THE WAY IN IMPLEMENTING SUCCESSFUL URBAN BUSINESS-COMMUNITY PARTNERSHIPS AND IN ATTACKING SOCIAL PROBLEMS. MAYORS AND THE PRIVATE SECTOR HAVE BEEN INSTRUMENTAL IN DEVELOPING BUSINESS-EDUCATION PARTNERSHIPS. GOOD SCHOOLS ARE ONE AVENUE TO A REWARDING FUTURE. JTPA CAN FURTHER ENCOURAGE PRIVATE SECTOR PARTICIPATION IN SCHOOLS BY USING THE FUNDING LEVER TO PROMOTE SPECIAL SERVICES TO DISADVANTAGED YOUNGSTERS AND TO DEMAND CONSTRUCTIVE CHANGE WITHIN SCHOOLS.

BEFORE I CLOSE, THERE IS A RELATED ISSUE I WOULD LIKE TO RAISE WITH THIS COMMITTEE. TODAY IS AN IMPORTANT DAY IN AMERICA'S CITIES: IT IS THE U.S. CONFERENCE OF MAYORS' NATIONAL EDUCATION DAY. IT IS BEING OBSERVED IN MORE THAN 300 PRINCIPAL CITIES ACROSS THE COUNTRY, INCLUDING MY OWN CITY OF ALEXANDRIA. WE ARE ISSUING PROCLAMATIONS, UNDERTAKING ACTIVITIES, AND SPONSORING EVENTS DESIGNED TO CALL ATTENTION TO THE PROBLEMS AND NEEDS OF THE CHILDREN IN OUR CITIES. IN MANY CITIES, MAYORS ARE PLANNING EVENTS IN SCHOOLS TO INVOLVE STUDENTS, TEACHERS, PARENTS AND OTHERS CONCERNED WITH EDUCATION-RELATED PROBLEMS. I WILL BE VISITING A SENIOR HIGH SCHOOL IN ALEXANDRIA THIS AFTERNOON. MANY CITIES ARE ALSO PLANNING ACTIVITIES THAT WILL BRING THE BUSINESS COMMUNITY, PUBLIC AGENCIES AND SERVICE ORGANIZATIONS TOGETHER TO ADDRESS THE ISSUES AFFECTING CHILDREN.

MAYORS SEE THE PROBLEMS CONFRONTING OUR CHILDREN AS ONE OF THE MOST CRITICAL ISSUES IN URBAN AMERICA, AND SEE EDUCATION AS A PRIMARY MEANS OF ADDRESSING IT. WE ARE COMMITTED TO ENSURING THAT OUR CHILDREN HAVE THE OPPORTUNITIES NECESSARY -- THROUGH THE EDUCATION SYSTEM AND THE EMPLOYMENT AND TRAINING SYSTEM -- TO BECOME SELF-SUFFICIENT, CONTRIBUTING ADULTS.

Chairman HAWKINS. Thank you, Mayor Moran.

The next witness is the Honorable Hubert Price, Jr., County Commissioner, Oakland County, Michigan.

Mr. PRICE. Thank you, Mr. Chairman. I am Hubert Price. I serve as the county commissioner from Oakland County, Michigan. I serve as chairman of the Employment Steering Committee of the National Association of Counties.

I am pleased to appear before the committee to present the views of our nation's counties on H.R. 2039, the Job Training Partnership Act Amendments of 1989. We have a vested interest in any proposed changes because county governments serve as administrative units for JTPA programs in many local service delivery areas across the Nation. We commend you for holding these hearings, and we appreciate the opportunity to express our concerns.

Before I discuss the proposed changes, let me make a few comments about the existing job training program. Over the past few years, a number of charges have been unfairly placed at the doorsteps of local job training agencies.

Because JTPA has established an outstanding track record in placing a high percentage of participants who complete training into jobs, we constantly hear claims that local programs are "creaming."

We are accused of assisting the most job-ready clients in finding employment while denying services to those who are least prepared because they are more difficult and costly to train and place in jobs.

While I will not attempt to defend a program with an impeccable performance record, I will urge the members not to lose sight of the fact that over 90 percent of the participants have been poor and a significant number have also faced multiple barriers to employment.

Quite frankly, Mr. Chairman, we are convinced that the program is doing what it was designed to do—helping a significant number of people who live in poverty prepare for and find meaningful jobs.

While we will agree that more should be done to assist those with greater needs, the program was designed to assist all economically disadvantaged. Under current law, local programs are evaluated on how well they achieve placement goals.

Failure to meet these goals can cause them to lose sponsorship of the program. Because the current legislation places such a strong emphasis on job placements, local programs have responded accordingly.

Instead of being criticized, local areas should be commended for the good job they have been doing. This is not to imply that the program cannot be improved. With a few modifications, we believe it can be improved to better serve those who are most in need.

However, any amendment that the committee adopts should be carefully crafted to build on the success the program has experienced in the past. Extensive changes in the act are unwarranted and should be avoided.

Chairman HAWKINS. Mr. Price, may I interrupt for just a few seconds here to announce a recess, hopefully a five-minute recess. The members must vote. We will return as quickly as possible. We

apologize, but I think this is the best way of facilitating the meeting.

We seem to be making wonderful headway. So we will be [illegible] as quickly as possible. I hope the members will do so.

Mr. PRICE. Thank you.

[A recess was taken.]

Chairman HAWKINS. The Committee is called to order. At the time we recessed, Mr. Price was testifying. Mr. Price, we recognize you for a continuation. We apologize. We look forward to the rest of your testimony.

Mr. PRICE. Thank you, Mr. Chairman. We had a good break.

Having made the comments about the program, Mr. Chairman, I am pleased to announce that NACO generally supports H.R. 2039. Although we have a few concerns about some of the language, we are confident we will be able to work with you and other members of the committee to resolve them before final legislation is adopted.

As you discuss possible changes, we urge you to keep in mind that local flexibility is critical to the continued success of JTPA. We feel we must retain the flexibility to design and implement our programs in response to local needs and local circumstances.

We urge you to oppose any amendments to the bill that would impose prescriptive guidelines on how we design our programs and on the sequence of services that must be provided to our clients.

In response to the committee's request, I will now discuss our views on several issues of importance to the committee.

In terms of targeting, we believe that in order to better target those who are most in need, your bill should amend the client eligibility criteria to require at least fifty percent of the participants in the adult program to be economically disadvantaged and meet at least one of the other barriers to employment.

Our concern about this language is the limitation it would impose on our ability to serve other individuals in our local areas who may be deemed most in need of assistance. For example, in some local areas those who are most in need include disabled individuals, refugees, homeless, long-term unemployed, teen parents and offenders, none of whom are included on the list.

Our point is those who are most in need will vary from one area to the next. We need some flexibility at the local level to make those decisions.

In establishing target groups, the committee should adopt a broad list that reflects individuals that would most likely be in all areas. We would also urge that language be adopted that would give local elected officials and PICs the authority to designate other target groups so long as they are identified and approved in the plan.

With the added language, we believe local areas would have the flexibility they need to continue serving a broad variety of economically disadvantaged while targeting the most needy in their own communities.

The proposed legislation would separate Title II-A youth and adult programs. A new year-round program would be established to assist youth on a continuous basis. The summer youth program would be continued without significant changes, although a sepa-

rate title for all youth activities would reduce recordkeeping and reporting requirements.

Your proposed amendments would give local areas the greatest flexibility to design and implement their programs. Furthermore, eligibility in the summer youth program would remain open to all economically disadvantaged youth.

Most of our counties would not like to see participation in this program restricted to youth with a few specific barriers to employment. In many areas, summer jobs provide needed income and valuable work experience to a significant number of youth who do not need or desire to participate in other activities.

With emphasis on serving an increased number of participants with greater need, more funds will be necessary to provide longer term training and increase supportive services.

Under the proposed legislation, the authorization levels for both the youth and adult programs would be slightly increased. Local areas would be authorized to use an increase percentage of their funds for supportive services.

The proposed amendments would also reduce the categorical set-asides in order to increase the amount of funds for client training and services. Although these changes will only modestly increase funds, we commend you, Mr. Chairman, and other members of the committee, for recognizing the need and urge you to continue to work for adequate funds.

To simplify recordkeeping and reporting, we urge you to adopt language that would replace the three existing cost categories, administration, support services and training, with two, management and services.

Management should include most expenditures now classified as administrative, and services should include all other expenditures. Because of reported abuses in on-the-job training contracts and a few isolated cases of excess revenues generated from the use of JTPA funds through performance-based contracts, the amendments would require detailed reporting and recordkeeping.

This will eliminate performance-based contracting which currently allows local areas to pay service providers on the basis of job placements without the burdens of extensive reporting and paperwork requirements.

We strongly feel that the problems then can be corrected without eliminating performance-based contracting. The U.S. Department of Labor has provided some policy guidance which addresses many of the problems in this area.

We support the Labor Department's policy, and we would further urge the following that are detailed in our printed statement.

We firmly support the changes called for in the performance standards. Your amendments would make the attainment of a basic education and employability enhancement skills positive outcomes for adults.

New language would also emphasize the placement of participants in jobs with career potential that will allow the individual to become self-sufficient. We believe these changes will further encourage local areas to provide more services to those who are most in need.

In summary, Mr. Chairman, we believe the JTPA system has established a successful track record and that it could be fine-tuned to better serve the most needy in our community. However, the success that has been achieved in the job training system is due, in large part, to the local flexibility we now have to design and implement our programs.

We urge strongly that local flexibility be a major element in any amendments to JTPA.

Again, we thank you for the opportunity to testify. I would be happy to answer questions at the appropriate time.

Thank you, Mr. Chairman.

[The prepared statement of Hon. Hubert Price, Jr. follows:]

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STATEMENT OF

THE HONORABLE HUBERT PRICE, JR.

COMMISSIONER

OAKLAND COUNTY, MICHIGAN

ON BEHALF OF THE

NATIONAL ASSOCIATION OF COUNTIES

BEFORE THE

HOUSE EDUCATION AND LABOR COMMITTEE

ON THE

JOB TRAINING PARTNERSHIP AMENDMENTS OF 1989, HR 2039

Washington, D.C.

September 20, 1989

THANK YOU MR. CHAIRMAN. I AM HUBERT PRICE, COMMISSIONER IN OAKLAND COUNTY, MICHIGAN AND CHAIRMAN OF THE EMPLOYMENT STEERING COMMITTEE OF THE NATIONAL ASSOCIATION OF COUNTIES.* I AM PLEASED TO APPEAR BEFORE THE COMMITTEE TO PRESENT THE VIEWS OF OUR NATION'S COUNTIES ON H.R. 2039, THE JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989. WE HAVE A VESTED INTEREST IN ANY PROPOSED CHANGES BECAUSE COUNTY GOVERNMENTS SERVE AS ADMINISTRATIVE UNITS FOR JTPA PROGRAMS IN MANY LOCAL SERVICE DELIVERY AREAS ACROSS THE NATION. WE COMMEND YOU FOR HOLDING THESE HEARINGS AND WE APPRECIATE THE OPPORTUNITY TO EXPRESS OUR CONCERNS.

BEFORE I DISCUSS THE PROPOSED CHANGES, LET ME MAKE A FEW COMMENTS ABOUT THE EXISTING JOB TRAINING PROGRAM. OVER THE PAST FEW YEARS, A NUMBER OF CHARGES HAVE BEEN UNFAIRLY PLACED AT THE DOOR STEPS OF LOCAL JOB TRAINING AGENCIES. BECAUSE JTPA HAS ESTABLISHED AN OUTSTANDING TRACK RECORD IN PLACING A HIGH PERCENTAGE OF PARTICIPANTS WHO COMPLETE TRAINING INTO JOBS, WE CONSTANTLY HEAR CLAIMS THAT LOCAL PROGRAMS ARE "CREAMING". WE ARE ACCUSED OF ASSISTING THE MOST JOB READY CLIENTS IN FINDING EMPLOYMENT WHILE DENYING SERVICES TO THOSE WHO ARE LEAST PREPARED, BECAUSE THEY ARE MORE DIFFICULT AND COSTLY TO TRAIN AND

*ESTABLISHED IN 1935, THE NATIONAL ASSOCIATION OF COUNTIES IS THE ONLY NATIONAL ORGANIZATION REPRESENTING COUNTY GOVERNMENT IN THE UNITED STATES. THROUGH ITS MEMBERSHIP, URBAN, SUBURBAN AND RURAL COUNTIES JOIN TOGETHER TO BUILD EFFECTIVE RESPONSIVE COUNTY GOVERNMENT. THE GOALS OF THE ORGANIZATION ARE TO: IMPROVE COUNTY GOVERNMENT; SERVE AS THE NATIONAL SPOKESMAN FOR COUNTY GOVERNMENT; ACT AS A LIAISON BETWEEN THE NATION'S COUNTIES AND OTHER LEVELS OF GOVERNMENT; ACHIEVE PUBLIC UNDERSTANDING OF THE ROLE OF COUNTIES IN THE FEDERAL SYSTEM.

PLACE IN JOBS. WHILE I WILL NOT ATTEMPT TO DEFEND A PROGRAM WITH AN IMPECCABLE PERFORMANCE RECORD, I WILL URGE THE MEMBERS NOT TO LOOSE SIGHT OF THE FACT THAT OVER 90 PERCENT OF THE PARTICIPANTS HAVE BEEN POOR AND A SIGNIFICANT NUMBER HAVE ALSO FACED MULTIPLE BARRIERS TO EMPLOYMENT.

QUITE FRANKLY MR. CHAIRMAN, WE ARE CONVINCED THAT THE PROGRAM IS DOING WHAT IT WAS DESIGNED TO DO--HELPING A SIGNIFICANT NUMBER OF PEOPLE WHO LIVE IN POVERTY PREPARE FOR AND FIND MEANINGFUL JOBS. WHILE WE WILL AGREE THAT MORE SHOULD BE DONE TO ASSIST THOSE WITH GREATER NEEDS, THE PROGRAM WAS DESIGNED TO ASSIST ALL ECONOMICALLY DISADVANTAGED. UNDER CURRENT LAW, LOCAL PROGRAMS ARE EVALUATED ON HOW WELL THEY ACHIEVED THEIR PLACEMENT GOALS. FAILURE TO MEET THESE GOALS CAN CAUSE THEM TO LOOSE SPONSORSHIP OF THE PROGRAM. BECAUSE THE CURRENT LEGISLATION PLACES SUCH A STRONG EMPHASIS ON JOB PLACEMENTS, LOCAL PROGRAMS HAVE RESPONDED ACCORDINGLY.

INSTEAD OF BEING CRITICIZED, LOCAL AREAS SHOULD BE COMMENDED FOR THE GOOD JOB THEY HAVE BEEN DOING. THIS IS NOT TO IMPLY THAT THE PROGRAM CANNOT BE IMPROVED. WITH A FEW MODIFICATIONS, WE BELIEVE IT CAN BE IMPROVED TO BETTER SERVE THOSE WHO ARE MOST IN NEED. HOWEVER, ANY AMENDMENT THAT THE COMMITTEE ADOPTS SHOULD BE CAREFULLY CRAFTED TO BUILD ON THE SUCCESS THE PROGRAM HAS EXPERIENCED IN THE PAST. EXTENSIVE CHANGES IN THE ACT ARE UNWARRANTED AND SHOULD BE AVOIDED.

HAVING MADE THOSE COMMENTS ABOUT THE PROGRAM, MR. CHAIRMAN I AM PLEASED TO ANNOUNCE THAT NACo GENERALLY SUPPORTS H.R. 2039. ALTHOUGH WE HAVE A FEW CONCERNS ABOUT SOME OF THE LANGUAGE, WE ARE CONFIDENT WE WILL BE ABLE TO WORK WITH YOU AND THE OTHER MEMBERS OF THE COMMITTEE TO RESOLVE THEM BEFORE FINAL LEGISLATION IS ADOPTED. AS YOU DISCUSS POSSIBLE CHANGES, WE URGE YOU TO KEEP IN MIND THAT LOCAL FLEXIBILITY IS CRITICAL TO THE CONTINUED SUCCESS OF JTPA. WE MUST RETAIN THE FLEXIBILITY TO DESIGN AND IMPLEMENT OUR PROGRAMS IN RESPONSE TO LOCAL NEEDS AND LOCAL CIRCUMSTANCES. WE URGE YOU TO OPPOSE ANY AMENDMENTS TO THE BILL THAT WOULD IMPOSE PRESCRIPTIVE GUIDELINES ON HOW WE DESIGN OUR PROGRAMS AND ON THE SEQUENCE OF SERVICES THAT MUST BE PROVIDED TO CLIENTS. IN RESPONSE TO THE COMMITTEE'S REQUEST, I WILL NOW DISCUSS OUR VIEWS ON SEVERAL ISSUES OF IMPORTANCE TO THE COMMITTEE.

IMPROVED TARGETING

TO BETTER TARGET THOSE WHO ARE MOST IN NEED, YOUR BILL WOULD AMEND THE CLIENT ELIGIBILITY CRITERIA TO REQUIRE AT LEAST 80 PERCENT OF THE PARTICIPANTS IN THE ADULT PROGRAM TO BE ECONOMICALLY DISADVANTAGED AND MEET AT LEAST ONE OF THE FOLLOWING: (1) A DEFICIENCY IN READING OR MATH (2) A HISTORY OF LONG-TERM DEPENDENCY ON PUBLIC ASSISTANCE OR (3) A LIMITED OR UNSUCCESSFUL WORK HISTORY. OUR CONCERN ABOUT THIS LANGUAGE IS THE LIMITATION IT WOULD IMPOSE ON OUR ABILITY TO SERVE OTHER INDIVIDUALS IN OUR LOCAL AREAS WHO MAY BE DEEMED MOST IN NEED OF

ASSISTANCE. FOR EXAMPLE, IN SOME LOCAL AREAS THOSE WHO ARE MOST IN NEED INCLUDE DISABLED INDIVIDUALS, REFUGEES, HOMELESS, LONG-TERM UNEMPLOYED, TEEN PARENTS AND OFFENDERS, ALL OF WHOM ARE NOT INCLUDED ON THE LIST. OUR POINT IS THOSE WHO ARE MOST IN NEED WILL VARY FORM ONE AREA TO THE NEXT. WE NEED SOME FLEXIBILITY AT THE LOCAL LEVEL TO MAKE THOSE DECISIONS.

IN ESTABLISHING TARGET GROUPS, THE COMMITTEE SHOULD ADOPT A BROAD LIST THAT REFLECTS INDIVIDUALS THAT WOULD MOST LIKELY BE IN ALL AREAS. WE WOULD ALSO URGE THAT LANGUAGE BE ADOPTED THAT WOULD GIVE LOCAL ELECTED OFFICIALS AND PICs THE AUTHORITY TO DESIGNATE OTHER TARGET GROUPS SO LONG AS THEY ARE IDENTIFIED AND APPROVED IN THE PLAN. WITH THE ADDED LANGUAGE, WE BELIEVE LOCAL AREAS WOULD HAVE THE FLEXIBILITY THEY NEED TO CONTINUE SERVING A BROAD VARIETY OF ECONOMICALLY DISADVANTAGED, WHILE TARGETING THE MOST NEEDY IN THEIR OWN COMMUNITIES.

SEPARATE YOUTH AND ADULT PROGRAMS

THE PROPOSED LEGISLATION WOULD SEPARATE THE TITLE II-A YOUTH AND ADULT PROGRAMS. A NEW YEAR-ROUND PROGRAM WOULD BE ESTABLISHED TO ASSIST YOUTH ON A CONTINUOUS BASIS. THE SUMMER YOUTH PROGRAM WOULD BE CONTINUED WITHOUT SIGNIFICANT CHANGES. ALTHOUGH A SEPARATE TITLE FOR ALL YOUTH ACTIVITIES WOULD REDUCE RECORD KEEPING AND REPORTING REQUIREMENTS, YOUR PROPOSED AMENDMENTS WOULD GIVE LOCAL AREAS THE GREATEST FLEXIBILITY TO DESIGN AND IMPLEMENT THEIR PROGRAMS. FURTHERMORE, ELIGIBILITY IN

THE SUMMER YOUTH PROGRAM WOULD REMAIN OPEN TO ALL ECONOMICALLY DISADVANTAGED YOUTH. MOST OF OUR COUNTIES WOULD NOT LIKE TO SEE PARTICIPATION IN THIS PROGRAM RESTRICTED TO YOUTH WITH A FEW SPECIFIC BARRIERS TO EMPLOYMENT. (BASIC SKILL DEFICIENCIES OR ACADEMIC PROBLEMS OR TEEN PARENTS OR HOMELESS YOUTH.) IN MANY AREAS, SUMMER JOBS PROVIDE NEEDED INCOME AND VALUABLE WORK EXPERIENCE TO A SIGNIFICANT NUMBER OF YOUTH WHO DO NOT NEED OR DESIRE TO PARTICIPATE IN OTHER ACTIVITIES.

WAYS TO IMPROVE PROGRAM QUALITY & ACCOUNTABILITY

WITH EMPHASIS ON SERVING AN INCREASED NUMBER OF PARTICIPANTS WITH GREATER NEEDS, MORE FUNDS WILL BE NECESSARY TO PROVIDE LONGER TERM TRAINING AND INCREASED SUPPORTIVE SERVICES. UNDER THE PROPOSED LEGISLATION, THE AUTHORIZATION LEVELS FOR BOTH THE YOUTH AND ADULT PROGRAMS WOULD BE SLIGHTLY INCREASED. LOCAL AREAS WOULD ALSO BE AUTHORIZED TO USE AN INCREASED PERCENTAGE OF THEIR FUNDS FOR SUPPORTIVE SERVICES. THE PROPOSED AMENDMENTS WOULD ALSO REDUCE THE CATEGORICAL SET-ASIDES IN ORDER TO INCREASE THE AMOUNT OF FUNDS FOR CLIENT TRAINING AND SERVICES. ALTHOUGH THESE CHANGES WILL ONLY MODESTLY INCREASE FUNDS, WE COMMEND YOU MR. CHAIRMAN FOR RECOGNIZING THE NEED AND URGE YOU TO CONTINUE TO WORK FOR ADEQUATE FUNDS.

PERFORMANCE-BASED CONTRACTS

TO SIMPLIFY RECORD KEEPING AND REPORTING, WE URGE YOU TO

ADOPT LANGUAGE THAT WOULD REPLACE THE THREE EXISTING COST CATEGORIES (ADMINISTRATION, SUPPORT SERVICES AND TRAINING) WITH TWO: MANAGEMENT AND SERVICES. MANAGEMENT SHOULD INCLUDE MOST EXPENDITURES NOW CLASSIFIED AS ADMINISTRATIVE, AND SERVICES SHOULD INCLUDE ALL OTHER EXPENDITURES.

THE AMENDMENTS WOULD ALSO ELIMINATE THE AUTHORITY TO USE PERFORMANCE BASED CONTRACTS. BECAUSE OF REPORTED ABUSES IN ON-THE-JOB TRAINING CONTRACTS AND A FEW ISOLATED CASES OF EXCESS REVENUES GENERATED FROM THE USE OF JTPA FUNDS THROUGH PERFORMANCE-BASED CONTRACTS, THE AMENDMENTS WOULD REQUIRE DETAILED REPORTING AND RECORD KEEPING. THIS WILL ELIMINATE PEFORMANCE-BASED CONTRACTING, WHICH CURRENTLY ALLOWS LOCAL AREAS TO PAY SERVICE PROVIDERS ON THE BASIS OF JOB PLACEMENTS WITHOUT THE BURDENS OF EXTENSIVE REPORTING AND PAPER WORK REQUIREMENTS. WE STRONGLY FEEL THAT THE PROBLEMS CAN BE CORRECTED WITHOUT ELIMINATING PEFORMANCE-BASED CONTRACTING. THE U.S. DEPARTMENT OF LABOR HAS PROVIDED SOME POLICY GUIDANCE WHICH ADDRESS MANY OF THE PROBLEMS IN THIS AREA. WE SUPPORT THE LABOR DEPARTMENT'S POLICY AND WE WOULD FURTHER URGE THE FOLLOWING:

- FIXED UNIT PRICE, PERFORMANCE-BASED CONTRACTING SHOULD BE MAINTAINED EXCEPT FOR ON-THE-JOB TRAINING WHERE A THIRD PARTY CONTRACTOR IS INVOLVED. IN THOSE CASES, A COST REIMBURSEMENT PERFORMANCE-BASED CONTRACTING PROCEDURES IS RECOMMENDED.

- EXCESS REVENUES GENERATED FROM THE USE OF JTPA FUNDS THROUGH FIXED UNIT PRICE, PEFORMANCE-BASED CONTRACTS BY GOVERNMENT OR PRIVATE NONPROFIT ORGANIZATIONS SHOULD BE CLASSIFIED AS PROGRAM INCOME IN ACCORDANCE WITH APPROPRIATE JTPA REGULATIONS REGARDING PROGRAM INCOME. THE CONTRACTORS SHOULD IDENTIFY EXCESS REVENUES AND REPORT HOW THOSE REVENUES ARE TO BE UTILIZED.

- PERFORMANCE-BASED CONTRACTS UNDER JTPA WITH PRIVATE-FOR-PROFIT AGENCIES BE DONE IN ACCORDANCE WITH A FEDERAL OR STATE APPROVED PROCUREMENT SYSTEM, WHICH WILL INCLUDE A COST ANALYSIS SURVEY.

PERFORMANCE STANDARDS

WE FIRMLY SUPPORT THE CHANGES CALLED FOR THE IN THE PERFORMANCE STANDARDS. YOUR AMENDMENTS WOULD MAKE THE ATTAINMENT OF A BASIC EDUCATION AND EMPLOYABILITY ENHANCEMENT SKILLS POSITIVE OUTCOMES FOR ADULTS. NEW LANGUAGE WOULD ALSO EMPHASIZE THE PLACEMENT OF PARTICIPANTS IN JOBS WITH CAREER POTENTIAL THAT WILL ALLOW THE INDIVIDUAL TO BECOME SELF-SUFFICIENT. WE BELIEVE THESE CHANGES WILL FURTHER ENCOURAGE LOCAL AREAS TO PROVIDE MORE SERVICES TO THOSE WHO ARE MOST IN NEED.

IN SUMMARY MR. CHAIRMAN, WE BELIEVE THE JTPA SYSTEM HAS ESTABLISHED A SUCCESSFUL TRACK RECORD AND THAT IT COULD BE FINE-TUNED TO BETTER SERVE THE MOST NEEDY IN OUR COMMUNITY. HOWEVER,

THE SUCCESS THAT HAS BEEN ACHIEVED IN THE JOB TRAINING SYSTEM IS DUE, IN LARGE PART, TO THE LOCAL FLEXIBILITY WE NOW HAVE TO DESIGN AND IMPLEMENT OUR PROGRAMS.

AGAIN, THANK YOU FOR THE OPPORTUNITY TO TESTIFY. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS AT THE APPROPRIATE TIME.

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Chairman HAWKINS. Thank you, Mr. Price. Finally, we have come to the last witness on this panel, Mr. Raymond Scheppach. I hope I am near correct in pronouncing it.

Mr. SCHEPPACH. That is correct.

Chairman HAWKINS. You do a better job than I have done.

Mr. SCHEPPACH. Mr. Chairman and members of the committee, I appreciate the opportunity to testify today on behalf of the Nation's governors.

In addition to submitting my statement for the record, I would like to also include statements from the State Job Training Partnership Act Liaisons Group.

I would like to first thank you for your personal interest that you have taken in what we believe is the number one priority to all governors in this nation; preparing all Americans for the jobs of the 1990s.

We applaud the amendments that you have proposed to Title II of the Job Training Partnership Act, as they will better focus resources on the disadvantaged adults and youth and chronically unemployed.

This morning I would like to focus, essentially, on four issues; first, the need to improve targeting. The governors commend your efforts to more specifically target JTPA programs to our most needy, most at-risk citizens.

They support amendments which would require that participants experience barriers to employment beyond being economically disadvantaged. The governors agree that they will work to ensure that individuals lacking in basic skills, with a history of long term dependency on public assistance, or with limited or troubled work histories must be a priority of this program.

They support your strategy to serve older workers, not through a targeted set-aside program but rather by integrating a commitment throughout the operation of their job training programs.

At the same time, the governors agree with Secretary Cavazos who recently urged that the commitment to targeting, not constrain state and local administrators' ability to fashion and support activities responsive to local needs.

Specifically, we urge that the legislation establish that the governor, through negotiation and consultation with the PICs and the SDAs, designate barriers to employment for the state for the purpose of determining eligibility for both youth and adults. The Department of Labor could then review and approve the designated barriers through its review and approval of state plans.

It is critical that the legislation be extremely clear on the need to target individuals with multiple barriers, but at the same time not be so prescriptive that it prohibits governors from crafting solutions which accommodate the circumstances facing their states or a particular SDA within a state.

On the second issue, a separate youth and adult title, you have asked us to comment on the amendments proposed to create a distinct youth and adult title. The governors support these changes.

The governors urge you to establish a separate youth and adult title with the option available to each SDA to establish a separate summer program.

On the third issue, with respect to improved program performance, specifically, the governors support the emphasis on serving individuals with multiple barriers, the focus on attainment of education and basic skills increasingly necessary in our work force, and the importance the reform places on establishing comprehensive statewide strategies in cooperation with education programs.

The education and training partnership must be extended beyond coordination and linkage within a single designated set-aside program into an integrated service delivery structure woven throughout the entire system.

In addition, so that each SDA and each state do not have to proceed all in the learning curve separately, and so that the country as a whole benefits from lessons learned at a single site, we urge you to invest in research and development, technical assistance, and capacity building at the National state and local level.

Third, often when discussing job training partnerships accountability, the issue of performance-based contracting arises. When we think of accountability, we envision a focus on outcomes; that is evaluation of the product not the process.

With that in mind, state officials urge you to reconsider your amendment that would eliminate the use of fixed unit price contracting and thereby effectively erode the feasibility of performance-based contracting.

We fear that this amendment would adversely affect the system not only by shifting emphasis away from measuring success and outputs toward measuring process, but also by disenfranchising the private sector which has viewed performance-based contracting as a major improvement to the employment and training system.

Finally, on the fourth issues, the governors support modification to existing performance standards, to reflect the greater focus on service to individuals with multiple barriers to employment.

They consider it a critical acknowledgement of the multi-step process involved in closing the employment gap, and are particularly pleased that you have added the attainment of basic or employability enhancement skills to the factors which will measure performance.

At the same time, it is imperative to keep in mind that changing the emphasis of JTPA will mean it will take longer and will involve a greater investment to achieve similar results with a more difficult population.

How long and how difficult a job JTPA system will have will depend upon the precise standards the Department of Labor develops. In general, the governors urge that the standards be as pragmatic and realistic as possible.

Mr. Chairman, I would be happy to answer any questions.

[The prepared statement of Raymond C. Scheppach follows:]

NATIONAL GOVERNORS' ASSOCIATION

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Governor of Iowa
Chairman

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STATEMENT OF

RAYMOND C. SCHEPPACH

FOR THE NATIONAL GOVERNORS' ASSOCIATION

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES

HEARING ON H.R. 2039, THE JOB TRAINING PARTNERSHIP

ACT AMENDMENTS OF 1989

SEPTEMBER 20, 1989

21-276 185

Thank you, Mr. Chairman and members of the Committee. I appreciate the opportunity to testify today on behalf of the nation's Governors. The Governors have promoted reforms in welfare, administrative financing for the Employment Security and Unemployment Insurance; child care; and dislocated worker training programs. They have been deeply committed to supporting initiatives which will enable this country to better develop our human capital. When skilled labor joins the list of scarce resources, it is critical that we carefully examine the extent to which our job training programs are preparing our workforce.

We thank you, Mr. Chairman, for the personal interest you have taken in what we believe is a number one priority of any Governor in this nation--preparing all Americans for the jobs of the 1990s. And we applaud the amendments you have proposed to Title II of the Job Training Partnership Act as they will better focus JTPA resources on disadvantaged youth and the chronically unemployed.

You have asked us to address four areas around which your proposed legislation is centered--improved targeting, a separate youth and adult title, methods for assuring accountability and quality programs, and performance standards. I will, in addition, touch upon a few other areas of particular concern to the Governors.

THE NEED FOR IMPROVED TARGETING

The Governors commend your efforts to more specifically target JTPA programs to our most needy, most at-risk, citizens. They support

amendments which would require that participants experience barriers to employment beyond being economically disadvantaged. Governors agree that they must work to ensure that individuals lacking in basic skills, with a history of long term dependency on public assistance, or with limited or troubled work histories must be the priority of this program. And they support your strategy to serve older workers not through a targeted set-aside program, but rather by integrating a commitment throughout the operation of their job training programs.

At the same time, the Governors agree with Secretary Cavazos who recently urged that the commitment to targeting not constrain state and local administrators' ability to fashion and support activities responsive to local needs. The nature of the at-risk or chronically unemployed population in Harding County, South Dakota may be very different from that in Los Angeles, California or Rutland County, Vermont.

Specifically, we urge that the legislation establish that the Governor, through negotiation and consultation with the PICs and SDAs, designate barriers to employment in the state for the purpose of determining eligibility for both youth and adults. The determination would be based on the demographics and specific needs of the area. DOL would review and approve the designated barriers through its review and approval of the state plan. Governors should be accountable to Congress and the federal government for any adaptations they make to address the needs of their jobless citizens, which may not characterize the population nationwide.

It is critical that the legislation be extremely clear on the need to target individuals with multiple barriers, but at the same time not be so prescriptive that it prohibits Governors from crafting solutions which accommodate the circumstances facing their state, or a particular SDA within the state.

A Shift in JTPA Will Require That We Strengthen the Employment Service

As we shift the focus of the Job Training Partnership Act and turn our attention to more disadvantaged segments of our population, the Governors urge you also to strengthen the Employment Service. If a newly unemployed worker were an economically disadvantaged machine shop operator with a high school degree, and not a teenage mother who dropped out of high school, where could she turn for comprehensive reemployment assistance? We will soon be asking you to support legislation to reform the administrative financing of employment services, so that states may use employers' unemployment insurance tax dollars more effectively. As we shift the focus of one program, we must examine the others to assure that, as a system, we are equipped to address the needs of all of our jobless citizens.

A SEPARATE YOUTH AND ADULT TITLE

You have asked us as well to comment on amendments proposed to create a distinct youth and adult title. The Governors support these changes. By creating a separate youth title, targeted to out-of-school or in school

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at-risk youth, you acknowledge that youth require a unique package of solutions, one that is highly coordinated with our educational system. The Governors urge you to establish a separate youth and adult title, with the option available to each SDA to establish a separate summer program.

I should mention as well that the Governors support the Youth Opportunities Unlimited Program, provided that grant applications are submitted with the approval of Governors, funding for the demonstration programs are administered through the state, and the grants are funded only after the main youth and adult titles are at least level funded with an adjustment for inflation. Given the legislation's focus on accountability and coordination, it would seem counter-productive for individual SDAs to be developing programs which may not be fully reconciled with the Governor's priorities.

WAYS TO IMPROVE PROGRAM QUALITY AND ACCOUNTABILITY

You have asked how we might improve program performance. The Governors suggest that there are a number of factors, starting with the kind of positive reforms you have proposed to the program itself.

Specifically, the Governors support the emphasis on serving individual's with multiple barriers, the focus on the attainment of education and basic skills increasingly necessary in the workforce, and

the importance the reforms place on establishing comprehensive state-wide strategies in cooperation with education programs. The education-training partnership must be extended beyond coordination and linkage within a single designated set-aside program, into an integrated service delivery structure woven throughout the system.

In addition, so that each SDA and each state do not have to progress along the learning curve separately and so that the country, as a whole, benefits from lessons learned in a single site, we urge you to invest in research and development, technical assistance, and capacity building at the national, state, and local level. Specifically, the Governors support grants for Replication of Model Programs (so long as the central titles are level funded plus an increase for inflation), as well as a 5 percent set-aside for capacity building.

Once we have made all these reforms to the program, how can we increase accountability? The Governors would strongly urge that we more effectively use JTPA's planning and review process, in combination with legislation with clear though not inflexible directives, to assure the program's accountability.

For example, the Governors agree that it is imperative that the youth program target those most at-risk. However, it is also important that the amendments acknowledge that what comprises "most at risk" varies across the country and even within any single state. Some areas do not have as severe a drop-out problem as others, and yet may still have a significant number of individuals who are economically disadvantaged and lack sufficient skills to obtain and retain a job.

There are a number of factors that may contribute to an individual being at risk, including but not limited to not having completed high school.

Often when discussing JTPA's accountability, the issue of performance based contracting arises. When we think of accountability, we envision a focus on outcomes, i.e. an evaluation of the product, not the process. With that in mind, the Governors urge that we spend less time debating the distinction between administrative and program costs, and determining which activities constitute which category of our operation, and more time focussing on program performance. Did we effectively train and place our clients? At what total cost? In the end, it is outcomes which determine success, and not the percentage of time or money allocated to each aspect of our operation.

With that in mind, state officials urge you to reconsider your amendment which would eliminate the use of fixed unit price contracting, and thereby effectively erode the feasibility of performance based contracting. We fear that this amendment would adversely affect the system not only by shifting emphasis away from measuring success and toward measuring process, but also by disenfranchising the private sector which has viewed performance based contracting as a major improvement to the employment and training system.

MODIFICATIONS TO EXISTING PERFORMANCE STANDARDS

The Governors support modifications to existing performance standards to reflect the greater focus on service to individuals with multiple barriers to employment. They consider it a critical acknowledgement of the multi-step process involved in closing the employment gap, and are particularly pleased that you have added the attainment of basic or employability enhancement skills to the factors which will measure performance.

At the same time, it is imperative to keep in mind that changing the emphasis of JTPA will mean it will take longer and will involve a greater investment to achieve similar results with a more difficult population. How long and how difficult a job the JTPA system will have will depending on the precise standards the Department of Labor develops. Because your bill leaves open those standards, it is difficult to estimate just what the changes will mean.

The Governors would encourage you not to legislate that the Secretary develop separate performance standards for the hard-to-serve, which might inadvertently lower expectations for different segments of our population. They believe that the current performance management system and incentives, including the state role in administering incentive policy, offers sufficient opportunities for Governors to target and reward services to hard to serve clients. In general, the Governors urge that the standards be as pragmatic and realistic as possible.

INCREASING JTPA COSTS

Whatever the precise standards developed by the Secretary, because the program will be working with a more disadvantaged, lesser skilled population, inevitably the cost of achieving success will increase. It will be very important that the Administration and Congress maintain a sustained commitment to appropriating sufficient funds to effectively tackle the kind of comprehensive training programs embodied in these amendments. Obviously, it would be counter-productive if these amendments were to result in our having to reduce our levels of service.

Let me give you an example. Suzanne is nineteen years old, reads at the eighth grade level, has no high school diploma, no work experience, and a three year old daughter. Just to help Suzanne achieve the equivalent of a high school reading level would cost her SDA $2,800 (based on the Michigan Countdown 2000 report). And this estimate excludes the cost of increasing her math ability, providing her with on-the-job training, child care or G.E.D. Compare $2,800 to pay for essentially less than half of the job, with $2,905, the average JTPA client cost today. We estimate that the cost of each success story subsequent to these amendments will be double today's.

A CONSOLIDATED COUNCIL AND BUILDING CAPACITY

I would like to touch quickly on two other matters, one relating to the Human Investment Council and the other to a more overarching concern regarding building the JTPA system's capacity to accommodate these amendments.

The Human Investment Council

Although you have not addressed the issue of the State Human Investment Council in H.R. 2039, I would imagine that the amendments proposed in the Perkins Reauthorization foreshadow your plans in this area for the JTPA bill as well. The Governors commend Congress' commitment to ensuring that states more effectively coordinate employment, training, and education programs. It is important for you to recognize the importance of coordination and to provide Governors the opportunity to integrate the planning and oversight of JTPA and other human investment programs, as appropriate within their states. In some some states a single council would be the optimal way to achieve coordination; in others it may not be. Rather than mandating all states to fuse their Councils, the Governors urge you to establish it as an option, and encourage its use through incentives.

Second, and in sum, the Governors are deeply committed to adapting their job training systems to the changes brought about by these amendments. At the same time, they caution that the response may be

more wrenching to the system than some might expect. It will be imperative that the federal government, states and SDAs are provided with sufficient funds to refine their operations, build their capacity, and provide ample and timely technical assistance. In addition, the Governors urge you to provide small states with a guaranteed minimum amount of administrative dollars. Much of the capacity building these reforms require involve fixed costs that states will incur whatever their size or whatever the number of participants they will serve under the program. Moreover, it is important that we develop a reasonable implementation time-frame. Some can be accommodated immediately; others will require capacity which will take more time to build.

I speak on behalf of the Governors when I thank you again for your leadership in helping the JTPA system evolve into a program which can more effectively address the demands of our current labor market and the critical needs of our workers.

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September 12, 1989

The Honorable Augustus F. Hawkins
Chairman
House Education & Labor Committee
2371 Rayburn House Office Building
Washington, DC 20515-0529

Dear Chairman Hawkins:

On behalf of the Job Training Partnership Act State Liaisons Group, I would like to share some of our views and consensus positions regarding the proposed amendments to the Job Training Partnership Act. Our group is made up of the State JTPA administrators from all 55 states and territories and is provided staff support through the National Governors' Association. Members of the Group held their annual meeting on July 9-11, 1989 and updated our positions on several issues to address current legislative proposals.

Overall, we are pleased that your bill addresses many of the critical areas that we believe can improve the system. We commend the Congress for your perspicacity in establishing, at the time JTPA was enacted, the four guiding principles contained in Senate Report 97-469. We urge that these be maintained as the bedrock for future amendments to this highly successful program. The principles Congress established were that:

1. "The legislation must provide for the involvement of the private sector in the design and administration for training programs ..."

2. "Job training legislation must recognize the true principle of federalism ... The new JTPA legislation will recognize the role of the state in all local programs and end the excessive involvement of the federal government."

3. "Job training legislation must be training legislation and not an income maintenance program."

4. "Legislation must insist on performance."

We strongly believe that such fundamental precepts as the present federal, state and local partnerships, the policy-making and managerial role of the Governors, and the flexibility for states and local service delivery areas to develop responses that are unique to their needs are absolutely essential to the continued

success of JTPA. We urge you to uphold these legislative principles in the Committee's bill.

The following are some of the specific areas where a consensus position was reached by the Group during the July 9-11, 1989 meeting:

Targeting and Eligibility. We strongly support efforts to better target assistance to those most in need, both youth and adults, through the requirement that participants experience one or more barriers to employment in addition to being economically disadvantaged. However, the requirement that participants experience one or more nationally prescribed barriers to employment in addition to being economically disadvantaged causes the majority of our states real problems. As Secretary Cavazos recently testified, "we believe that these constraints impede the ability of state and local administrators to fashion and support activities responsive to state and local needs. Quite simply, the mix of activities needing targeting in one location will not always be the same as the activities appropriate for targeting in other areas." We recommend therefore that the Governor, through negotiation and consultation with the PICs and SDAs, designate barriers to employment in the state for the purpose of determining eligibility for both youth and adults. The determination would be based on the demographics and specific needs of the area. DOL would review and approve the designated barriers through its review and approval of the state plan.

In regard to services to out-of-school youth, we support identifying out-of-school youth as a major target group; however, we believe that states should have the flexibility to deviate from the proposed requirement that 50% of the participants be out-of-school youth if the local situation does not warrant such targeting. For instance, a lower percentage might be appropriate in communities where the dropout rate is very low. We are also concerned that such targeting may have an adverse affect on the ability of JTPA to serve other significant target groups.

In those states where the targets Congress or the administration have specified are appropriate, states of course support the proposed legislation.

State Set-asides. We believe that the current state set-asides are too restrictive and do not provide sufficient resources for capacity building, research and demonstration, evaluation, technology transfer and follow-up. To remedy this situation, we support elimination of the 3% set-aside for older individual programs, and the 8% set-aside for education, and support as well proposals to shift the focus of the state set-asides. Specifically, we support the Administration's proposal to create a State Linkage and Coordination Program at the national level totalling 5% of available resources under Titles II-A and II-B under the Act; and state set-asides at least at the following levels: 5% for state administration; 3% for capacity building, and 3% for incentive grants.

Allocation Formula. We support changing the funding formula to more accurately reflect the number of economically disadvantaged in a given area; however, we are also concerned about the validity of the data available on the number of economically disadvantaged at the state and local levels. It is critical that the states be allowed to use local data that can be updated yearly so that allocations do not have to be made on census data that is collected only once every ten years.

Fixed Unit Priced Contracting. We oppose the elimination of fixed unit priced contracting. The proposed cost classification requirements will create such disincentives to performance-based contracting as to effectively eliminate its

use as a contracting mechanism. We believe that eliminating fixed unit priced contracting will adversely affect the system in a variety of ways including: increasing the focus of the system on process rather than outcomes; disenfranchising the private sector which has viewed performance-based contracting as a major improvement in the employment and training system; increasing administrative costs for record keeping and monitoring; and depriving the system of a legitimate way to conserve administrative funds needed to operate JTPA effectively. We strongly endorsed the efforts of the U.S. Department of Labor to establish new policies that effectively curbed abuses in the system.

Youth Demonstration Programs. We support the Youth Opportunities Unlimited Program in the Administration's bill, provided that funding for the selected demonstration programs are administered through the state to the SDA/PICs, and that funding occurs only after Titles IIa and IIb are level funded with an adjustment for inflation. Under no circumstances would we support direct national funding to SDAs/PICs which by-passes the Governor and his/her oversight of the programs.

Federal Level Coordination. We recommend that the final JTPA amendments provide for better federal level coordination whether that be through a joint oversight committee composed of the Secretaries of Labor, Education, and Health and Human Services or some other mechanism.

Performance Standards. The members oppose the amount of prescription that is being incorporated in JTPA. We are concerned about the cost of expanding the MIS to capture necessary data on basic skill acquisition for performance standards purposes. We are also concerned about the reliability and cost of the testing that would be required.

Minimum Small State Allocation. We support a minimum small state allocation which meets the threshold of funding required to carry out the requirements of the law. Specifically, we recommend that a minimum allocation of $600,000 be established as the state set-aside for administration. Experience has shown that 5% of the Title II-A allotment is insufficient for small states to meet their basic administrative responsibilities including audits, oversight activities, support of the state council, and other essential administrative activities. The recommended minimum allocation will support the required basic administrative activities, and provide a consistent amount that the states can rely upon for long range planning and permanent staffing requirements.

Because we are a national organization with diverse membership, there are a few areas where a majority of the states support a given position on the proposed amendments but there is a strong negative viewpoint as well. Let me also share these concepts with you.

State Councils. A majority of our states support the concept of a Human Investment Council as described in the Administration's proposed JTPA amendments and in your own reauthorization of the Perkins Act. We believe that it is important for Congress to recognize the importance of coordination and to provide Governors the opportunity to integrate the planning and oversight of JTPA and other human investment programs as appropriate within their states.

Other states feel strongly, however, that they are not ready to have the Human Investment Council concept forced upon them and that it might well be unworkable in their state for a variety of reasons.

We did reach consensus, however, that the word "shall" be replaced with "may" with regard to the establishment of a State Human Resource Investment Council.

We urge you to allow Governors sufficient flexibility to consolidate existing councils to the degree desirable given each state's circumstances.

Technical Amendment. Recommend that the adjective "local" be replaced with the word "appropriate" wherever it appears in the legislative draft, such as the "local" education agencies or "local" welfare agencies. This change is for the benefit of Single-SDA states that, for example, cannot possibly enter into agreements with all local agencies, but will develop agreements with the appropriate agencies.

Thank you for considering the positions of our group on these important issues. We are confident that the work of your committee will result in an even better system than we have today.

Cordially,

Marshall Cobleigh

Marshall Cobleigh
Chairman, State JTPA Liaisons Group

Chairman HAWKINS. Thank you. Several of the issues seem to present differences of viewpoints, not so much among those of you who have testified but in the bills that have been introduced.

I would like to see if we can get some of your views without any lengthy discussion on these issues, one of which is the three percent set-aside for the older workers. There seems to be some division, even among the members of this committee, as to the restructuring of that program.

I am quite sure the groups representing the older workers will put up a barrage in this committee for keeping that set-aside which H.R. 2039 would eliminate. With respect to the issue of a separate summer youth program, there is a difference between the committee bill and the administration's bill over that issue.

The third issue that seems to be somewhat controversial is the one of targeting, how best to target. Everyone agrees that targeting should be accomplished, but differ somewhat whether or not we should have multiple barriers.

The GAO has indicated that, at current, H.R. 2039 does not target this sufficiently and perhaps some of the other bills do not. Could I have just a brief view from the witnesses as to their position on these three topics, if we can cover them rather rapidly, beginning with you, Donald?

Mr. FRASER. Mr. Chairman, I think, in general, the ability of the local SDA to identify the people who need services generally works better than trying to write a prescription here in Washington.

In our city, for work-ready people—and by work ready I do not mean that they have a lot of skills, I mean that they know how to show up for work, they can work under a supervisor, and, even better yet, they have a history of successfully holding a job.

Our employers tell us that if somebody is work ready, they will train them. Our problem is to move somebody who is not work ready to a work-ready status. The acquisition of skills can be helpful sometimes in getting into a particular job and to better paying jobs.

The older worker and the younger worker who is work ready can get a job today in our labor market. Our problem is to get people to what we call the work-ready status. That is the most urgent need.

My suspicion, however, although I think it is reasonable to suggest that this distribution of the highest needs varies from area to area. I would surely—strongly resist any discriminatory outcomes for older workers, but I have not had any suggestion that that is a problem in our area.

So our problem is, as I have identified it: If we can have a work-ready person and they go out and look for jobs, they will get it. We happen to have a relatively low unemployment. We have an increasing number of people who cannot get that far, who are what we call "hard to employ" or worse.

So I guess my general response is that the more you can leave to the local SDA in determining what the highest priority is, then that is the way it will work the best.

Chairman HAWKINS. Mayor Moran, would you favor a separate summer youth program as now authorized in JTPA or would you favor changing it? How do you feel about the three percent set-aside for the older worker?

Mr. MORAN. Well, the first one is easy; absolutely. We want you to retain this summer youth employment but also expand it year round. We have many students that are constructively employed during the summer through the JTPA program. That needs to be continued. The program itself needs to be extended. So we support your initiative there.

The second issue is a more difficult one. There are strong political reasons for the three percent set-aside, but I do not think there are strong programmatic reasons. We have a booming economy in northern Virginia, as Mayor Fraser experiences in Minneapolis.

Anybody that has the maturity to be a reliable worker, to have the kinds of job preparedness schools that do not have a lot to do with education or skills necessarily, but that make them dependable, courteous to customers and so on, they are in great demand.

It has been my experience that senior citizens who have been retired and want to go back under the work force are at a premium. We do not have an unemployment problem among senior citizens.

We have a terrible problem among youth. That is our priority. We do not say that we want seniors to be excluded in any other jurisdiction; what we are saying is that we think that you have got to leave that kind of flexibility to the local level of government.

Let us decide where our priorities are. Certainly senior citizens have a much more powerful political voice to assert their interest than do young mothers with children. In fact, there is one other issue that has to be born in mind here.

Affordable housing is part of this issue because as we have tried to find ways to make up for the eighty percent reduction in Federal housing assistance, we have been pushing the private sector to provide more affordable housing.

What the private sector is willing to do is to provide one bedroom units for the elderly and handicapped. They are not willing to provide housing for senior citizens. So our network of support—excuse me, for young children, for families with children. I think I misstated that.

It is no threat to provide adequate housing and support services within the community for seniors who are not involved in criminal activity, who are not boisterous and who everybody—whose needs everybody recognizes.

It is a very different thing to find adequate housing for families with children. Our efforts to do that have been insufficient. So the need to find employment for teenagers and for mothers with children is our number one priority.

It is the only way that they can afford to live within our communities. It is a much higher priority than targeting funds for senior citizens and, in fact, even for the handicapped citizens.

Chairman HAWKINS. Thank you. Mr. Price, my time has far exceeded the limit. I will have to yield. We will get back to the question sometime later. So, would you just simply withhold your comment at this point? I yield to Mr. Goodling.

Mr. GOODLING. He is the only Chairman I know that controls the lights fairly. He allows them to become red when he is asking questions and that does not usually happen. Some committees I serve on, when the Chairman is asking questions, the lights never

change. As soon as I get to ask the questions, they automatically become red.

Chairman HAWKINS. We will eliminate the system in your case.

Mr. GOODLING. Let me ask this question of all of you. If Title III were—well, first of all, let me welcome my former colleague here. I must admit when I walked in, I did not recognize you. As the Chairman said, you are more robust.

As soon as you began to speak, and I heard your voice, I understood that was the same voice that I used to deal with on foreign affairs committees. So, welcome back to the zoo.

If Title III were fully funded, would you then not have as much concern about the distribution of Title II funds as far as the economically disadvantaged factor is concerned? Anybody? Everybody.

Mr. MORAN. Well, the answer is obvious. Certainly it is not as critical if there was full funding.

Mr. GOODLING. I asked an obvious question.

Mr. MORAN. We would retain our position, but it would be less urgent, I guess.

Mr. GOODLING. Everybody agree with that?

Mr. PRICE. When you say fully funded, what level are you——.

Mr. GOODLING. About a billion dollars, what we authorized.

Mr. MORAN. I think the one thing that we need to say, and I noticed it in somebody's statement, in the dislocated worker program, you are going to cover, primarily, people with employable skills who are out of a job because of structural unemployment or a geographical unemployment situation.

Our principal problem in urban areas remains those people who do not bring to the work force employable skills, that need basic education, basic skills training and job preparedness skills.

Title III really does not respond to that young mother with young children who must get into the work force just to provide for her family at a marginal level. So we are addressing somewhat different priorities there.

Mr. GOODLING. Except that if it were fully funded, then you would not have the battle over some of the people that you are trying to specifically get flexibility to serve in Title II.

Mr. MORAN. Some of them, but the Title III is not all inclusive. The people who are our highest priority are the most likely to be excluded from Title III, actually.

Mr. GOODLING. You pick them up in Title II.

Mr. MORAN. That is right.

Mr. GOODLING. You see, I have a real problem with the suggestion that the formula for adults and youth be based on data on economically disadvantaged individuals and the concentration of the economically disadvantaged, that this be the primary factor in the formula, simply because we do not have any data.

We have data from the census every ten years. So we have no idea how up to date that may be. That may be out of date before we can move on the next year's appropriation, as a matter of fact. I do not know where you get those figures.

Mr. MORAN. Our abled staff of people tell us the Department of Labor needs to start collecting that data.

Mr. GOODLING. I am sorry. I did not hear you.

Mr. MORAN. Our abled staff suggests to us that the Department of Labor needs to start collecting that data for us.

Mr. GOODLING. I see. So at the present time, my statement is correct because we do not have those kinds of figures. I thought that the governors do that. It is their state and I thought they did that regularly on a yearly basis. All we would have to do is approve and accept it.

Two other questions very quickly: If the three percent older worker set-aside is eliminated from JTPA, would the states, SDAs, continue to provide service to the population at current or expanded levels?

Mr. MORAN. In my city, they would. There is no question about it because of the political influence that the senior citizen population has. We provide much more than is provided through JTPA through our senior citizen employment service.

Mr. GOODLING. Oh, you find they have influence even down in the cities?

Mr. MORAN. For sure.

Mr. FRASER. I think the same would be true in our community. We would continue to serve the population that we are serving now. It tends to be those in greatest need. Our seniors who have once held a job generally do not have difficulty finding employment.

Mr. GOODLING. Now just one last question that I am not going to ask. I was thinking of arranging a phone call from the White House to the Chairman, and then when he left, to take that phone call.

I was going to ask the same question he asked about separating the summer youth year round program, but I am not going to do that. Maybe I will see you individually. I think I might get a different answer.

Chairman HAWKINS. I think generally most of them agree that we should retain the summer youth program. Does anyone disagree?

Mr. GOODLING. Well, if the Chairman wrote that, I would certainly agree to it.

Mr. SCHEPPACH. Mr. Chairman, I think our position is that it should be an option for the SDA or the state as part of the general youth program.

Chairman HAWKINS. Convey that to the White House.

Mr. FRASER. Mr. Chairman, may I just reemphasize one thing that may have been lost in my testimony. We felt so strongly about the summer youth employment—I just want to say this because it was quite extraordinary—we used general property tax monies to supplement the Federal monies which had decreased because we felt it urgent to provide more jobs for the young people this past summer that we are just completing.

So we feel very strongly, particularly about the summer youth programs. We like, generally, what you are proposing here.

Mr. PRICE. We do the same thing in Oakland County where we have, over the last several years, taken property tax revenue, general fund allocations for the maintenance and operation of a specific summer youth program.

Mr. GOODLING. But you certainly would not change that thrust if they were combined or whether they were kept separate; would you?

Mr. PRICE. No.

Mr. GOODLING. I mean, that is a commitment you have. It does not matter whether it is combined or whether it is separate. It is a commitment you have made and it is a commitment you would keep.

Mr. PRICE. We would not change it.

Mr. FRASER. I think perhaps our hope is that with the separate divisions, that they will all be adequately funded.

Mr. GOODLING. From your level.

Mr. PRICE. All things are economic.

Chairman HAWKINS. Mr. Hayes?

Mr. HAYES. No questions, Mr. Chairman.

Chairman HAWKINS. Mr. Gunderson?

Mr. GUNDERSON. Thank you, Mr. Chairman, and thank all of you for your testimony. One of the problems, I think, as we consider JTPA this time around is that the debates are fairly technical in nature as the differences between the Hawkins bill and the Administration bill are discussed.

I note our Chairman has referred to his bill as the committee bill, so it gives you some idea of what is going to come out of this committee anyway.

Chairman HAWKINS. It is subject to a vote.

Mr. GUNDERSON. As I have told you before, Mr. Chairman, on this one I think the differences are so minor that they really are not emotional, win-lose issues.

As we address the issue of targeting, as we deal with the issue of set-asides, we should remember that this committee has just gone through a reauthorization of vocational education.

In that reauthorization we, frankly, delivered the vast majority of money and authority to the local school. In my State of Wisconsin, and I think elsewhere, we have a state bureaucracy which is absolutely up in arms leading a war against what the House did through that particular provision.

Would you all indicate for me how strongly you do feel about the elimination of the education set-aside.

How many of you support elimination of the eight percent education set-aside?

Mr. SCHEPPACH. I guess it depends on how you eliminate—what you mean by eliminate. We would support eliminating the eight percent but including the option that is basically in the Administration's bill and in the Senate bill which is that five percent set-aside for linkage to coordination programs.

So our attitude is that we have to have something in there, but it needs to be a much more integrated approach between the welfare system, the training programs and the education programs.

Mr. GUNDERSON. So better coordination should be our goal and obviously, representing the governors, you feel that coordination ought to occur at the state level.

Mr. SCHEPPACH. At the state level. I think that is one of the biggest problems we have in running efficient programs right now, is

getting those three groups together to look at this as a menu of services.

Mr. GUNDERSON. Mr. Price?

Mr. PRICE. Our organization is in general opposition to categorical set-asides in any instance. So we would support the elimination of the eight percent set-aside. We believe that the elimination of that eight percent set-aside would better enable us to target the funds for training and supportive services, particularly of a long-term nature.

Mr. GUNDERSON. Mayors?

Mr. MORAN. No surprise here, Mr. Gunderson. At the local level, clearly, we are opposed to those set-asides because we want to maximize the resources. Now it does not mean that we will not use what resources are provided us effectively, but if you want us to target where the highest priorities are, you have got to give us the flexibility.

There is no one city that is identical to another. Every city has its highest priorities. We also have a different mix of resources. Sometimes we can get resources from the private sector for one group that we cannot for another.

So if we want Federal income tax money to be used most effectively, then the more flexibility the better.

Mr. FRASER. I would agree with those views.

Mr. GUNDERSON. All right. Let's take the next question. We are also considering proposals which would either automatically increase or, under the Administration bill conditionally increase, the administration set-aside from the 15 percent allowed under present law to 20 percent.

How many of you would support that increase?

Mr. FRASER. We would support it. One of the reasons is that case management, which frequently involves higher expenditures, turns out to be the most effective way to help people. So that requires more personal supervision or working with whoever is getting the services.

Mr. MORAN. I could not agree more. All of these programs start with the individual, then the family, then the neighborhood, then the locality and then finally the state and Federal Government.

So case management is the most essential component. We have got to focus on the family and that is how the resources need to be used.

Mr. PRICE. The National Association of Counties would also be supportive and for many of the same reasons as already iterated here.

Mr. GUNDERSON. To follow up, do you all want this 20 percent administration increase at the local level or at the state level?

Mr. SCHEPPACH. I think the vote is three against one.

Mr. GUNDERSON. I want to make sure we get this one the record because this debate is going to recur.

Mr. PRICE. I think the governor's representative is probably correct; three to one at the local level.

Mr. GUNDERSON. Did the governor's representative want to add anything?

Mr. SCHEPPACH. I am the one, sir.

Mr. GUNDERSON. Okay. I had sort of detected that. Let me follow up one final question on the summer youth. I do agree with the Chairman. There needs to be a separate youth or summer youth program.

How adamant should we be in mandating that there be separate summer youth and year round youth programs. Should we provide local flexibility to decide?

Mr. SCHEPPACH. We think you should provide local flexibility, basically have a youth program and leave it up to the SDA to make the decision of whether it is a summer program or a year round program.

Mr. PRICE. In our comments, we hammered consistently at the need for local flexibility. We think it is particularly important as we address the matter of summer youth and the year round summer youth program.

Mr. GUNDERSON. Either mayor?

Mr. FRASER. Generally, we favor the principle of flexibility. The problem here, though, is that in some respects the summer youth program has different outcomes in mind. To be very blunt about it, what we worry about in our city periodically is the fact that lots of kids are wondering loose without anything to do during the hottest months of the summer.

We would rather have them get some work experience. We have tied remedial education to that opportunity, so the kids, if they are in need of remedial education, have to take it.

Last year, because our schools ran out of money, the city transferred money to the schools so they could run a summer school program so we could continue to make that linkage. So while we would argue for flexibility, I think part of the motive for funding and supporting summer youth programs may be a little bit different.

So I think a case could be made to adequately fund that as kind of a separate effort in its own right, apart from the other programs contained in JTPA. In part, we have got really good people on our PIC. We have got some highly trained thoughtful people administering these programs.

Generally, I believe that they do a good job in trying to figure out what will work best. Under those circumstances, and I think this tends to be true across the country, giving them the widest range of opportunities to use the money effectively seems to make the most sense. I just note that special problem of the summer youth.

Mr. GUNDERSON. Thank you.

Mr. MORAN. I can add constructively to that with one comment. If it is not specifically identified, the funding is less protected. I guess we are concerned about that. It is easier to cut the whole program than if it is into separate pieces.

Mr. GUNDERSON. Thank you.

Chairman HAWKINS. Mr. Perkins?

Mr. PERKINS. Thank you, Mr. Chairman. Good morning. I am sorry I did not have the chance to listen to your opening statements. I perused them and have taken a look to see what we have here.

One of the problems that we are facing this year is, of course—and I have seen your statements—you think targeting is an important thing. I certainly concur with that. How are you going to go about doing that?

Do you all have any suggestions in terms of some type of way of getting the money out there to target these local areas, any specific ideas? What I am talking about is a formula, actually.

That might be a little bit technical, but do you have any ideas that we could go about in trying to incorporate, to getting money to those who are most in need and the areas that are most in need? We have old census data. It is going to be a very difficult thing to utilize.

The employment numbers are something, of course, that we have utilized in the past. We have seen that those, perhaps, do not do as good a job as we would like to see. What kind of ideas do you all have?

Mr. MORAN. Don, do you want to start off?

Mr. FRASER. Well, I think we have already talked about the problem of data collection. The notion of changing the formula as suggested in the bill, I think, generally, is okay. I would like to make a larger point, though, if I may.

I do not want to overstate this because I think JTPA is one of the really good programs. The reality is that we are losing ground in American cities. We are on a downhill slide. We have got more and more kids who will never successfully become adults either in the work force or as caring parents or as good citizens.

When we are each year faced with reduced funding, then try to rearrange how the reduced funding gets allocated, it is, in some ways, not a very important issue. What is more important is the fact that we are losing ground and American cities are going downhill. Ultimately, American society is going to pay very heavily.

I somehow wish we could get that message across. If funding were being expanded to begin to respond to the realities of what is going on in American cities, then that may be a more important question.

Right now, we are arguing over small details where the problem is becoming increasingly urgent and the responses are not adequate.

Mr. PERKINS. Anybody else?

Mr. SCHEPPACH. I might add a couple comments. You are talking about the formula. We sort of agreed that it should be oriented towards the number of disadvantaged. Now you do have a slight data problem, but the Department of Commerce does a lot of sampling in a lot of areas.

Clearly, you only do a census once every ten years. I do not think it is really difficult for them to interpolate based on samples and give you that data on a year to year basis. It is not particularly expensive, so I would essentially legislate that they, in fact, do that rather than turning the program around and doing it on unemployment, which I think is much more volatile and would be much less effective.

In terms of the targeting issues, specifically in the legislation, we obviously prefer the one that is in this committee bill to the more

detailed ones that are in the Administration's proposal or in the Senate proposal.

The one suggestion you might add there is take the categories that you are talking about, give the governor some ability to add to that particular list in terms of one or two additional ones so that they can help tailor to the particular problems of a given state, and I think the targeting would work.

Mr. MORAN. We do not take issue with the governor's representative on that point. I do not think targeting the people in need is that much of a problem. We may not have the formal census data that we get every ten years, but we use that as a base. We update it every year.

We get data for eligibility for school lunch programs. We get data on all of our entitlement programs, on our service programs, and even our recreation centers can identify where we need the money spent for at-risk youth.

We are trying to work with the private sector in maximizing that money. I had mentioned earlier, Mr. Perkins, that in Alexandria, which is similar throughout northern Virginia, we have an unemployment rate that is only about 1.7 percent. So you think things are just hunky-dory.

If you look further at what we realize within our urban areas, 12 percent of all youth between 16 and 19 are not looking for jobs. Seventeen percent of all of our minority youth are not in the job market whatsoever.

In fact, they gave me one figure, a third of the people we are serving in JTPA year round programs are classified as not in the labor force. We have fairly good records to know how to target.

As Mayor Fraser says, it is not a matter of spending if effectively. It is a matter of having enough to spend.

Mr. PERKINS. Well, gentlemen, I certainly concur that there is a need for more money in terms of the program. Given some of the budgetary problems that we seem to have, a lot of times we labor here on this committee under the assumption we are not going to get everything we want. I have seen that in the few number of years that I have been here.

There is a problem and I do not think we have addressed it—I do not know how to address it—on determining how we drive the money down to the localities. That is something we are having a grave problem on.

If you have any further suggestions, we would be pleased to listen to them. I am out of time. I thank the Chairman for his indulgence and thank you for your comments.

Chairman HAWKINS. Mr. Bartlett?

Mr. BARTLETT. Thank you, Mr. Chairman. Mr. Chairman, first I would like to ask unanimous consent, on my behalf and on the behalf of Mr. Bustamante who is a Member from south Texas but not a member of this committee, to enter into the record a rather well-prepared and complete testimony of Judge Rudy Bowles on behalf of the Middle Rio Grande Development Council, and also a joint statement by the Texas Association and Private Industry Councils in Texas Associations of SDA administrators.

Chairman HAWKINS. Without objection, the two statements are entered into the record.

[The statements follow:]

A JOINT STATEMENT FROM THE TEXAS ASSOCIATION OF PRIVATE INDUSTRY COUNCILS AND THE TEXAS ASSOCIATION OF SDA ADMINISTRATORS ON PROPOSED JTPA AMENDMENTS

General Support Statement:

The Texas Association of Private Industry Councils (TAPIC) is generally supportive of the Congressional intent to review and refine the Job Training Partnership Act (JTPA), and is pleased with the process through which input was solicited from those involved in its implementation. TAPIC is most appreciative of the public trust that is transferred to the Private Industry Council (PIC) volunteers by Congress, and is pleased with the continuing strong roles for PICs in the design and structure of local programs and services.

In general, we support the aim of the Amendments to improve targeting of services to those who need the help and who have no other way of increasing their chance for success in the workforce. We applaud all efforts to combine resources and coordinate efforts of agencies and organizations with related objectives, knowing that "divide and conquer" does not ring true for JTPA. We support efforts aimed at insuring that real training is being bought and provided with our tax dollars, and that a substantive change is occurring in a participant's employability as a result. And although we believe that JTPA currently has more than enough safeguards and internal controls built into the system, we do not oppose reasonable efforts to increase accountability.

Finally, the majority of changes create no winners or losers, except where real training and education lose out to paperwork chasing and bureaucracy feeding. The following comments are presented with the desire to continue "to do more with less".

Key Issues and Concerns:

Formula Allocation

We support the computation of allocations by the Department of Labor for all Service Delivery Areas (SDA). Variances have occurred from state to state and we concur that similar SDAs should receive similar funding.

However, serious reservations exist with changing the formula to more heavily weight data based on the number of economically disadvantaged rather than on the unemployed. In addition to other arguments already posed against this item, (outmoded data, loss of funds to areas with high unemployment and high poverty, etc.) the change in formula would negate any hold harmless provision over a period of years. Areas might lose 10% not just for one year, but in consecutive years, totaling as much as a third of their funding in a three year period. Furthermore, these programs are focused on the structurally unemployed which by definition, has as its universe, economically disadvantaged in the labor force, not all individuals who are economically disadvantaged. The formula should reflect that fact.

Changes in the PIC Structure

We oppose all changes in PIC composition and structure, except for the addition of a representative of the State public welfare agency. Texas has already included such representation on all 34 PICs and it is working well and facilitating needed dialogue, especially in the implementation of welfare reform.

Human Investment Council

We support strengthening the coordination role of the currently structured State Job Training Coordinating Councils rather than a Human Investment Council. Although the concept of a unified Human Investment Council may appear attractive, the short-term tenure of current Council members and the complexity of the programs they oversee precludes adding more to the plate of an already overburdened and politically volatile Council.

Fixed Unit Cost Performance Based Contracting
We support continuance of Fixed Unit Cost Performance Based Contracts, with appropriate safeguards against obvious and deliberate attempts to get paid for work not done. Don't throw the baby out with the bathwater. Performance Standards ultimately control cost efficient outcomes. We think excesses, if and when they occur, can be remedied without mandating the breakout of cost categories for everything but tuition at public institutions.

Eligibility
We can support 50%-70% of participants having an identified barrier to employment, but local flexibility in defining barriers is essential if resources are to be targeted on those most in need. We also would recommend requiring that barriers be identified in the local job training plan, as approved by the PIC since demographic and sociological composition of the eligible population varies from SDA to SDA. We feel the proposed language in all three bills would create a monitoring and auditing nightmare.

We recommend the following language: *Must be economically disadvantaged and have one additional identifiable barrier to employment. The barriers may include but are not limited to: basic skills deficiency, school dropout, welfare recipient, disabled, homeless, chronic unemployed (6 months or longer), adult or juvenile offender, limited English proficiency, alcohol or drug problem, poor academic performance, school truancy, pregnant or parenting teenager, or a youth who has a pattern of disruptive behavior in school.*

We also strongly support the move toward shared eligibility with other Federal programs, such as the inclusion of students in the free school lunch program and students participating in the Chapter I program. We would support additional language that, for purposes of this Act, clearly delineates that documentation by the school authority of such participation is sufficient for eligibility purposes for JTPA.

Employment Generating Services
We support the continuation of Employment Generating Services (EGS) as an allowable expense. JTPA was founded on the assumption that jobs are plentiful and skilled workers are lacking. Although labor shortages exist in selected industries, occupations and geographic locales, many areas of the country have few jobs to train people for. It is entirely appropriate to spend limited funds to create jobs for JTPA graduates in many locales. EGS also allow for a close tie in (and buy in) between those working in business retention and expansion and the job training community.

Performance Standards
We support a careful review of local adjustment factors by the Department of Labor to insure that disincentives to target resources on the hard to serve do not exist. For example, although an adjustment exists for high school dropouts, an additional adjustment should be made for those individuals who read at or below the 7th grade level.

Challenge Grants
We would caution the reentry of the Department of Labor into directly funding special programs that bypass the SDA structure, except for Native Americans, migrant and seasonal farm workers and veterans. Parallel delivery systems are rarely cost effective. DOL can play a more important role in providing needed training and technical assistance, and in national evaluation projects.

Assessment
We support expanded assessment requirements, but local SDAs should be allowed to charge these expenses to the training cost category since assessment is part of the overall intake process. Funds set aside for support services should be spent to expand needs based payments and post program support, not to pay increased cost for assessment.

Revised Definition
We fully support the revised definition of the Family to include only those members living in the household at the time of application. This change will greatly simplify the process in those instances where divorce or desertion has occurred.

TESTIMONY OF JUDGE BOWLES

I am Rudy Bowles, County Judge of Maverick County Texas, and President of the Middle Rio Grande Development Council, a Council of Governments and Job Training Partnership Act Grant Administrator for a nine (9) county region located along the Texas-Mexico Border in Southwest Texas.

I am here to testify on the package of proposed amendments to the Job Training Partnership Act (JTPA) which this Committee currently has under consideration. I have prepared a detailed program abstract which describes the program we currently operate, which earlier this year won a special award from the U.S. Department of Labor, Region VI as a model economic development program. I would like to provide a copy to the clerk for distribution and inclusion in the record of this hearing.

Having done so, I would like to address myself in my remarks to the main issues which would adversely effect our program, and we believe, the viability of JTPA as a resource in rural communities throughout the nation. These issues have to do with 1) the allowability of certain activities under the Act, and 2) the impact of the proposed changes in the fund allocation formulas, and 3) the general urban bias which we feel underlies all these efforts.

The reason that I have submitted the Program Abstract describing our award winning program is not just that we are proud of it. Needless to say, we are. Rather, I submit it because if the current language of either S.953, the Simon Bill, or H.R.2803, the Administration Bill, are adopted, this award winning model program would be impossible to continue or to duplicate elsewhere. Both bills pointedly fail to list job creation or employment generating activities, which are expressly provided for in the existing law, among the allowable activities to be funded under either of the amended Adult or Youth program titles.

This omission represents a grievous mistake from the point of view of rural communities, such as ours, who are trying to reverse decades of chronic economic depression and distress, population stagnation or decline, and an unremitting "brain drain" which saps them of youthful vigor and vitality.

Young people do not leave rural communities so much because of the big city lights, or that they do not like the quiet, comfortable life they afford. They leave because our economies have not been able to generate or sustain the jobs that they need to stay home. Under JTPA, we have found a way to begin addressing this general community concern, as well as the specific needs of our individual citizens for education and job skills. In our rural region, the JTPA program has become the primary human and community development resource, not just another program. The local flexibility with which we have been able to apply this resource has been the key factor in our success. That flexibility is severely constrained in both the Simon and Administration Bills, at least with respect to job creation. We would ask that it be restored.

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With respect to the new fund allocation formulas and processes proposed in the two bills, we would maintain that they, too, unfairly discriminate against rural as opposed to urban and suburban communities. For instance, in Texas, the five (5) smallest service delivery areas (SDA's), none of which includes a single city with more than 50,000 population, currently receive 8% of the JTPA funds available to the state, and under the formula proposed in the Administration Bill, would bear more than 12% of the cuts which the state would experience.

We understand the need to target the resources to the economically disadvantaged and those most in need. More than 95% of the program enrollments in our five (5) year program history have gone to participants who meet the established poverty criteria. We have long recognized the need to serve the educationally disadvantaged. We have created a network of six (6) education centers to meet this need. However, it seems to us that the proposed formulas, aimed at such targeting, are flawed in two (2) fundamental respects:

1) by providing that 50% of the funds be allocated on the basis of the absolute number of economically disadvantaged individuals, rather than on the basis of the proportionate incidence of such individuals, rural areas, where the poverty rate and unemployment rate are often very high, are penalized, because their overall populations are low, and

2) by applying these formulas at the national level, rather than within states, small rural communities in Texas are put in the position of competing against huge urban centers like New York, Chicago and Los Angeles for funds, a competition we will never win.

I would argue that Congress can accomplish its legitimate interest in targeting the available resources to those most in need, without requiring the transfer of funds from one area of the country to another, or from rural to urban communities. The fact of the matter is that there are more poor, uneducated, unskilled people everywhere than we have funds under JTPA to serve. I have seen no convincing evidence that such people are proportionately less underserved in Texas than in other states, or in rural areas than in inner cities or the suburbs. My instinct, though, is that the reverse will be true if the Simon or Administration formulas are adopted.

A wiser approach would seem to lie in structuring allocation formulas in some way to more adequately reflect the proportionate rates of disadvantaged in local communities and the capacity of such communities to address their own problems with their own resources.

Rural communities are penalized twice by the present approach: 1) they are penalized through the loss of federal funds, and 2) they are penalized by the lack of local resources. We have in our region the City of Crystal City, Texas, which has the lowest tax base and highest tax rate in the state, just to sustain basic community services. By way of contrast, the state's urban centers, with more dynamic economies and vastly greater resource bases, are able to apply proportionately lower tax rates and sustain local institutions that are simply beyond the dreams of our rural communities. Put simply, my home community, Eagle Pass, Texas has all of the problems of New York or Chicago, in as great or greater proportion to our population, but few, if any of the financial or institution resources that such cities enjoy. To be fair, allocation formulas need to reflect not only the financial poverty of the people, but the institutional fiscal poverty of the communities that serve them. JTPA has helped us redress that imbalance, and now we stand to lose a significant piece of it. If you cannot change the formulas to reflect these realities, at least leave them intact, so that we can get as much as we currently get.

This brings me to the final point I would like to make. In urban, inner cities, JTPA is only one of many resources in the arsenal of human and community development weapons available to local leaders, and often not even a very important resource. In rural communities it is almost inevitably the primary resource in our limited arsenal, and often the only weapon available. The whole idea of linkage and tapping of other community resources has great appeal in urban environments, where such resources exist. More bang for the buck; everybody understands that. However, those other resources do not exist in our communities, and when national programs are structured on the basis that they do exist, we are penalized. JTPA represents the single largest block of human and community development capital available from any local, state, or federal source in our region. We cannot go to other agencies and institutions seeking to capture their resources for our clients, they are coming to us to get our funds to sustain and develop their programs. By creating the requirement for inter-program linkages in our region, you are fostering an atmosphere of institutional cannibalism, within which institutions and programs are feeding on themselves and each other for funding, while the needs of the people and the communities involved are in great measure ignored.

In summary, the point I am trying to make is that JTPA and other federal programs operate differently in rural and urban environments:

1) Urban communities do not have to worry about job creation, their own dynamic economies provide enough "economic generating activities" to sustain their population and work force; and

2) Urban institutional environments are rich enough in non-JTPA resources to provide the basis for a constructive "linkage" effort with existing skill centers, vocational guidance, and industrial and community development efforts funded from local, state, or other federal resources.

In rural areas such as ours, no such institution or program infrastructure exists. We are on our own. JTPA constitutes the biggest, often the only game in town.

There is a distinction between absolute and proportionate need for outside assistance, a distinction which, in Texas, the courts and the legislature are beginning to recognize in the field of education. This distinction says that public policy not only needs to look at the need of people for service, but needs to address the relative capacity of local communities to provide that service. The drawing of that distinction beyond education to federal human and community resource development efforts like JTPA is long over due. You have an opportunity to do so in the JTPA amendments before you.

I have seldom, if ever come before a state or federal forum like this to argue for anything less than more money for my community, which is, after all, among the poorest in America. But I am not here today to argue for anything more than we have today, either in levels of funding, or in the flexibility with which we can apply that funding. Leave us alone. Let us keep at least the funding we have, and the flexibility we currently have to apply it. If you do, we will continue to make you proud. If you don't, it will be a shame for all rural America.

MIDDLE RIO GRANDE DEVELOPMENT COUNCIL

PROGRAM ABSTRACT

INTRODUCTION

The Middle Rio Grande Development Council and the Middle Rio Grande Private Industry Council have organized and put in place a multi-dimensional, integrated rural development program in the nine county Service Delivery Area which they serve. The program, built around a core of JTPA funding, features a Community Development and Planning component; a Business Recruitment and Development component, and a Human Resource Development and Education component. The Private Industry Council and Chief Elected Officials bring JTPA funding to the process, while the Development Council, as designated grant recipient and administrative entity, contributes resources from other local, state and federal sources, including local government dues, State Planning Grant, Economic Development Administration, the Community Development Block Grant program, and others. These resources have been integrated in to a coordinated effort to address the region's infrastructure, capital and human resource needs.

The SDA which this innovative approach serves consists of nine counties along the Texas-Mexico Border. It is the only region along the entire US-Mexico Border that is purely rural, with no Metropolitan Statistical Area, and no community with more than 35,000 population. Its total population is 141,300, with a labor force of 55,773. Unemployment averaged 17.5% for the period in question. Historically the economy is based on three primary drivers, agriculture, Mexican retail trade and oil and gas exploration and production, all of which have experienced general long term declines as generators of both employment and income, as well as frequent, cyclical booms and busts. The ripple effects from these problem sectors has produced an almost chronically depressed economic condition throughout the region, which is reflected in less than adequate infrastructure and less than sophisticated public service systems, including education systems.

THE CONCEPT

Recognizing the inter-related nature of these community development, human resource, and economic problems, the region's leadership, public and private determined that nothing

less than a comprehensive approach would suffice to begin addressing its problems. Such an approach required the integration and focusing of a variety of resources in a coordinated way.

The State Planning Grant and Economic Development Administration Planning Grant resources are used to coordinate long range and short term planning of the region's infrastructure and economy as well as implement the immediate economic development projects which cannot be funded in whole or part by JTPA. The Community Development Block Grant program, Economic Development Administration (EDA), Farmer's Home Administration, local bond issues and similar resources fund the basic infrastructure (eg. water, sewer, street paving, solid waste, etc.) necessary to support development of population and new business.

JTPA provides most of the balance of the economic development efforts funding through the Employment Generating Activities (EGA) component of the program. This includes promotion of the region through trade shows, direct mail, magazine ads, videotapes, brochures and community profiles. Another EGA service is the analysis of proposed job creation projects to determine if the project is feasible and hence a good investment for On the Job Training or other JTPA resources. Related to that is the packaging of business plans, market plans for feasible projects that need further packaging to become fundable.

The Human Resource component of the program is two faceted. The component responsible for intake placement and training of JTPA participants coordinates closely to prepare the applicants for new jobs created or developed and to provide the support services they need. The Education component, launched during PY 1987, answers the need for more remedial education to bring skills to a competitive level. All components of the JTPA program coordinate to link into specialized training through the Texas Industrial Start Up Fund and other sources.

By working in an integrated fashion, each element of the program gains strength from the others. Employers are involved with one central organization from the business development stage through the testing and education stage through the training program design and implementation stage.

THE PARTNERSHIP

The heart of the program, which enables and energizes the process lies in the unique partnership approach through which the region's Chief Elected Officials and Private Industry Council have chosen to exercise their respective responsibilities and authorities over JTPA and other local, state and federal resources. The Middle Rio Grande Development Council, which is the designated Regional Council of Governments, as well as an Economic Development District and the local planning authority for the CDBG program, was chosen to act as the organizational vehicle through which these non-JTPA resources could be integrated with JTPA program.

HISTORY AND ACCOMPLISHMENTS

This unique PIC-CEO Partnership developed from the fortuitous coincidence that the JTPA and small cities CDBG program were installed in the region within the same general time frame. The first basic building block in the partnership lay in the decision of the region's CEO's to share the CDBG resources as broadly as possible throughout the region on a multi-year basis. Instead of twenty four governments competing for less than two million dollars of CDBG funds, the local governments decided to cooperate. The funds are allocated down to the County geographical area using the same formula as the State, with local governments within each county agreeing to share them on a rotating basis.

Although non-binding, the resulting "Gentlemans Agreement" among the CEO's and the CDBG Regional Review Committee allowed local communities for the first time to adopt a multi-year approach to capital project and infrastructure planning. The MRGDC, as the coordinating mechanism for CDBG planning for the Economic Development District, was able to assure that the CDBG infrastructure projects supported the region's economic development goals and objectives, putting the second building block of the partnership in place. Finally, through the implementation of the first PIC-CEO Partnership Agreement in 1984, JTPA funds from all titles were brought to bear in this process.

The first efforts in this regard focused on using Employment Generating Activity funds from the Title II-A program to work on new business/Job Creation within the region, and the selected use of Work Experience participants on locally administered CDBG projects

to magnify the impact of limited CDBG resources for needed infrastructure additions and improvements. Initial successes include Hill Country Spring Water and Twin Plants International, two new firms within the region, which were assisted through the MRGDC Planning and Economic Development Department in obtaining CDBG Economic Development Loans, and through the JTPA Department in acquiring O.J.T. contracts.

From these initial efforts the program moved into a more sophisticated, targeted approach to industrial recruitment. Feasibility studies, funded partly from EDA and JTPA resources, were conducted on selected local industrial sectors, and used as the basis for targeting specific industries and trade sectors. Experience has shown that the most effective way to pursue these industrial sectors is by linking into a specific company or group that is interested in developing a new business if the barriers to starting that business can be removed. This way we can avoid the traditional "government feasibility study" that contains generalized information and collects dust on the shelf. The linkage between the idea, the business, and the JTPA employee is done on the front end rather than after the fact.

Brochures, videos and trade show booths, magazine ads, community profiles, and data bases on existing industry were prepared to support a targeted marketing and industrial recruitment effort aimed at new jobs for JTPA participants. The availability of a trainable labor force and the JTPA program was integrated unto all of these materials as an integral part of the development of new or expanding business operations.

As prospects were developed from this marketing effort, the Partnership was able to bring a variety of resources to bear in attempting to meet their needs, including CDBG economic development loans, establishing one of the first Enterprise Zones in the State, OJT contracts, and customized Industrial Start Up Training through the TDOC. Simultaneous to the recruitment of new business from outside the region, a more organized focus on the existing businesses was undertaken. A direct mail campaign with follow up personal visits from job developers was instituted to increase the number of businesses using JTPA. These employers were encouraged to participate in the recruitment of other employers through their use in the promotional materials and participation in hosting new prospects. The Job Development function was realigned under the Planning and Economic Development Department as as to best take advantage of the contacts being made by the job creation staff and increase the percentage of JTPA participants that got placed in jobs that were created.

The promotional techniques used to solicit new businesses were applied to the existing employers in the form of radio and newspaper ads, a videotape, and a speakers' bureau that carried the integrated rural development approach to audiences at Chambers of Commerce, civic groups, and other employer groups. The result of these efforts was to gain the confidence of the private sector employers that might otherwise be suspicious of JTPA as a "government gimme" program that was not of any value to them.

In Eagle Pass, the staff worked with the local groups to land a new shotgun manufacturing facility. The staff packaged a deal which resulted in the local development corporation securing a loan from a local lender to build a 25,000 s.f. building for Maverick Arms, a subsidiary of Mossberg Firearms of Connecticut. MRGDC also secured $24,000 in funding from the Texas Industrial Start-Up Training Fund for the Southwest Texas Junior College to provide two weeks of customized classroom training and practice assembly before participants went on the company payroll. The plant foreman and assistant foreman participated with the college in the training. The persons who successfully completed the class were hired by the company under JTPA on the job training. Sixteen persons have been hired and a total of 43 persons will be trained and hired by the end of the Summer.

In Del Rio the staff put together a much more intensive customized training program combining JTPA funds and $81,000 from the Industrial Start Up program. PEP Industries is a maquiladora which employs approximately 2500 persons in Ciudad Acuna, Mexico and 75 persons in Del Rio. They make wire harnesses for Ford and Lincoln Mercury. We were successful in helping them establish a prototype development facility in Del Rio which will employ an initial 51 persons and ultimately could double in size in two years. Through Texas State Technical Institute, we had customized curriculum developed and instituted a ten week; training program. The company participated in the development of the curriculum and the instruction and provided the classroom space and equipment. The participants were recruited, screened, and tested by JTPA with assistance from Texas Employment Commission. The first class of sixteen is underway. The JTPA paid a stipend to insure the students could complete the class. The company will hire the graduates of the training without any OJT reimbursement. Three additional classes are planned before the end of the fiscal year.

The staff played a crucial role in securing conventional financing for a local company to buy an aircraft modification company that had closed in the northwest. This was possible

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in part because of the confidence the lender had in our staff research on the project and our professional reputation. The company continues to expand and had become a regular user of JTPA. The program has provided engineers, draftsmen, mechanics, and metal workers and others to the company. It is projected that a total of 40 new jobs will be created at Sierra Aviation by the end of 1989. The company is considering another expansion and has asked MRGDC to help package the proposal.

Another area of concentration has been the development of industries which can utilize the natural resources of the area. One such project is Eco Tannery in Encinal in La Salle County. The staff performed a feasibility study, identified joint venture partners from Europe, and packaged the deal. The project is currently in the permit application stage. The local JTPA education center is providing remedial algebra and math training to the first group of potential employees which have been screened by the company. The staff also created the Encinal Enterprise Zone, one of the first in the State, in which the project is located. Forty three employees are projected for the Tannery with others possible in immediate spin off operations. Long range, this project has the potential of being the nucleus for the establishment of; an entire leather tanning industry with related manufacturers of leather products.

A similar project in an earlier stage of development relates to the direct export of wool and mohair and the establishment of fiber processing facilities. Funding from the Texas Agricultural Diversification Board will allow for a one year study involving producers, companies and investors which are interested in implementing this project One Lead generated from a trade show has evolved to our region being in the final running as a location of a large frozen food processing facility. The show of unity among several towns and counties in our region under consideration as the plant site is something very rare in industrial development. The history of working together under this regional integrated rural development approach is what makes it possible. Our ability to provide a wide range of assistance such as providing crop information as well as package potential sites and provide job training and assistance in access other government programs has been an important part of our success.

The final step lay in creating a broader based Human Resource Development/Education program element. A more diversified industrial base brings with it the need for a better educated labor force. In an effort to address this need, the Partnership in 1987 implemented

an Education Program aimed at elevating the educational attainment and achievement levels of the region's work force. Currently, this program operates 6 full service computer based Education Centers and 5 satellite education sites throughout the region with the capacity of more than three hundred students in any cycle. Achievements of this effort have been impressive. Of the more than 300 people served during PY 1987 educational attainments have been increased by an average of 1.4 and 1.6 years in reading and math respectively. 131 students have received Graduate Equivalency Diplomas.

All of the activities in the regional rural integrated development are aimed at one ultimate goal — to create job opportunities and train people to successfully fill those jobs. We have been able to do all the innovative activities described above and still maintain and exceed our overall performance standards. During PY 87-88 we served 1,216 participants and placed 488 in unsubsidized employment and received an Incentive Bonus from the State. This is even more remarkable when one considers the economy of our region and the historically weak employer base. It would have been impossible without using the integrated cooperative approach that has been adopted by the Chief Elected Officials and the Private Industry Council.

FUTURE GOALS

The process described here is ongoing. Future objectives include better integration of the Area Aging Program into the overall economic development package, including older workers programs, improve linkages with local education institutions, human service agencies and vocational rehabilitation programs to expand and magnify service availability; and increased export market development assistance to area producers of agricultural products.

Focus will be increased on the development of indigenous industries, those based on natural resources, and our strategic advantages such as our central location and proximity to Mexico. The current project on wool and mohair fiber production and the leather tannery have ramifications for literally dozens of potential new industries over the next several years.

Plans are underway to increase the integration with other providers of social service programs to insure that JTPA participants have basic needs such as housing, medical, and welfare assistance satisfied.

In the human resource arena, the Education Program is reaching out in two directions: to local school districts for joint ventures in providing alternative education services for "at risk" youth, and to colleges and universities to provide special remediation and long term assistance to the region's college bound youngsters.

SUMMARY

Recognizing that the problems of a geographically large, sparsely populated rural region on the Mexican Border were uniquely complex, and that the resources to resolve them were limited, the CEO's and PIC of the Middle Rio Grande SDA saw the need to organize and install an innovative approach to the delivery of JTPA services. That recognition provided the basis for the Partnership they created. The Middle Rio Grande Development Council represented a unique vehicle for bringing this Partnership to life as a comprehensive rural development program. The results in education, community development, job creation, and economic revitalization of a chronically depressed region are apparent and impressive.

Mr. BARTLETT. Mr. Chairman, I would ask the witnesses, first on the issue of performance-based contracting versus cost reimbursement, we will have testimony in a little while from the IG who appears to find some fault and some criticism with performance-based contracting.

I would ask each one of you, do your organizations have experience with performance-based contracting; and do you believe that performance-based contracting, particularly in the for profit sector, should be continued as a way for local councils to reach contracts with agencies or would you prefer us to emphasize or to insist on the old system of cost reimbursement? Governors?

Mr. SCHEPPACH. The governors' position is basically that they continue to support performance-based contracting, although there have been some side abuses in different areas that if you go to a cost plus reimbursable, essentially it is going to cost more to keep all of the records, essentially, to do that.

Plus, it seems to me you are going to give up some of the output measures that you are really oriented towards. So I think it is probably more efficient the way it is done now. I mean, our contacts out in the states, essentially, do not indicate that there are major problems in terms of abuses.

Mr. BARTLETT. In your opinion, Mr. Scheppach, if we were to examine or to audit cost reimbursement contracts, would we find an equal number of so-called abuses in cost reimbursement systems as the IG did under performance-based?

Mr. SCHEPPACH. My sense is that the total cost of operating a system like that may well go up. They might be able to verify the cost in terms of recordkeeping, but it costs a lot more to operate that kind of a system.

I think the private sector is used to doing fixed price contracts. There is a certain incentive for efficiency if, in fact, you can make more profit on a particular contract.

Mr. BARTLETT. So the governors would urge us to continue performance-based contracting both because of lower cost and higher output?

Mr. SCHEPPACH. That is right.

Mr. BARTLETT. The counties?

Mr. PRICE. We would urge you to continue performance-based contracting, to more effectively incorporate the Department of Labor's policy guidelines, to further examine the matter of performance-based contracting as it relates to on-the-job training contracts.

We recognize that there have been some difficulties there; and perhaps to adopt a cost reimbursement concept as it relates to performance-based contracts in the OJT aspect.

Mr. BARTLETT. I did not understand you, Mr. Price. You would combine the two or what?

Mr. PRICE. We believe that performance-based contracting should be maintained except for on-the-job training.

Mr. BARTLETT. Except for OJT? Thank you. Mr. Moran?

Mr. MORAN. We do not argue with that. You want both ultimately. If you eliminate all fixed price, you are going to be cutting out some of the private sector. We think we ought to live with the regs

that the Department of Labor just issued and see how it goes rather than make any dramatic changes at this point.

Mr. BARTLETT. If you were drafting the law, would you tend to tilt towards performance-based contracting or towards cost reimbursement systems or leave the Federal law neutral?

Mr. MORAN. I think I would leave it intact right now. I do not think I would get into that at this point.

Mr. BARTLETT. Mr. Fraser?

Mr. FRASER. We have been, I think, finding that the performance-based contracts work well. The problem is the tendency to cream or to skim. Where we are talking about trying to focus the efforts on the hardest to employ, in a way that works in the other direction because that takes more money.

If you only have a certain amount of money, then you tend to spend it on those that you can show then will end up with a job. So I would leave the maximum flexibility to the local unit.

I would not tighten up any existing restrictions. If anything, I would tend to move in the other direction.

Mr. BARTLETT. Mr. Fraser, I hear that thought from time to time that sort of runs through some of the debate about performance-based contracting. I have yet to see any evidence that performance-based contracting has any higher tendency to skim easier-to-employ folks than cost reimbursement.

Agencies are going to try to skim if they want to whether they are on a cost reimbursement or on a performance-based. Do you know of any data that is sort of a general allegation that is generally accepted.

I just do not believe I accept it. I wonder if any of the witnesses have seen a study that would support it.

Mr. FRASER. I do not personally have any data. I am only using what your——

Mr. BARTLETT. You are repeating the conventional wisdom.

Mr. FRASER. It appears to be the way people work in response to economic incentives. I guess what I would argue, though, generally, is leave as much flexibility to local unit as possible, especially with a PIC, business people on the PIC. They want to see some really good outcomes.

Mr. BARTLETT. So you are unanimous, the four of you, that we should continue performance-based contracting in the law. Thank you, Mr. Chairman.

Chairman HAWKINS. Mr. Payne?

Mr. PAYNE. Thank you, Mr. Chairman. I would also like to compliment the panel. I think you are a very outstanding panel. I have been very active in my other life before congress with two of the organizations, our NACO organization—it is good to see you here, Commissioner Price—and also our National League of Cities.

I just have a question in regard to that three percent senior citizens set-aside. In your opinion, and I know the Chairman asked the question, could you give me your opinion on the three percent set-aside; that is whether you think it is necessary for it to be in there.

If it were not specifically in there, do you feel that the senior citizens would end up with at least that minimum anyway?

Mr. MORAN. Mr. Payne, as long as over 80 percent of all senior citizens find their way to the voting booth in every election, I do

not think we have to worry as much about senior citizens getting their share.

We consider it a very important resource. Our private sector employers feel exactly the same. In fact, even our municipal government is hiring senior citizens. Our economy cannot afford not to bring in every senior citizen that wants employment.

Now that is going to be different throughout the country. So what we are suggesting is, give us the flexibility. Where you have areas of high senior citizen unemployment in terms of those who want to get back into the labor force, I am confident that they will give seniors a high priority.

Right now, the issue is pretty well taken care of itself. We have a very aggressive community. We work well with them. We could not do without them, but that is not our highest priority right now in terms of job training and employment assistance.

Mr. PRICE. We do not believe it is necessary for a three percent set-aside at this point. I know in our part of the world, many, many private employers are targeting senior citizens for employment.

You hear it on the radio. You hear it on special programs in terms of hotels and other major, private employers in our part of the world already effectively targeting the more mature citizens in this country.

So we do not believe that it would be necessary. That is consistent with our position and our position to categorical set-asides in general.

Mr. SCHEPPACH. I guess the governors basically agree with the local officials. We should eliminate the three percent set-aside. We think that it will not negatively affect the elderly. We think it can be handled in the planning process to ensure that the goals are met.

Mr. FRASER. Could I just add that the problem of the older worker becomes most evident when they are dislocated. Somebody who has held a job for 20 years, the plant closes, oftentimes those workers will exhibit some of the same difficulties that some of our hard-to-employ people exhibit today.

They have a good work ethic, but some of their skills may not be up to getting a new job. So it is the dislocated worker who frequently does really need help, but there is a separate title for that.

Mr. PAYNE. Thank you. Also, let me ask this question: We see unemployment figures that are batted about. Mayor Moran, I understood you to say the rates are 12 percent and 17 percent.

I have always had a problem with so-called unemployment figures, especially as they relate to the 16 to 21 year olds. Do you feel that there is any validity in the so-called rates that we hear?

As you know, once you are no longer collecting unemployment, you drop out of the statistics, although you are not working, according to the Department of Labor, you are not unemployed. You just vanished, I guess.

How substantial do you feel so-called unemployment statistics are? They claim they have a way of estimating some other way. They do spot checks. Do you think that we can go on these numbers, and maybe how wrong do you think they are?

Mr. MORAN. I think unemployment—since you addressed it first to me, I think the unemployment rates are grossly understated for youth and particularly for minority youth.

They do not go through the employment service. They do not get on any of the lists. I have never seen any jurisdiction that had an unemployment rate that came anywhere close to reflecting the unemployed youth, particularly minority youth rate.

You figure in the 3.8 million 18-year-olds today, 700,000 have already dropped out of high school and another 700,000 cannot read their diploma. Those people are not being reflected in the unemployment rates.

That is really the key of what we are talking about here. That is our highest priority; getting them into the work force, at least getting them into training programs so that they can be reflected.

That is the first step, finding them. We know that they are there because they are in our recreation programs. Many are dealing drugs on our street. They are reflected in our incarceration statistics, but they are grossly underrepresented in our unemployment statistics.

Mr. FRASER. I would agree with that. Let me just make the point that we are one of the larger urban Indian centers, American Indian urban centers. Seventy-five percent of our Indian kids fail to finish high school.

So we know that they are somewhere out there, mostly unemployable. Within the black community, we have about a 40 percent dropout rate. We know that that means trouble for them. So none of these figures have any meaning, I think. The problem is much more severe than is reflected in official statistics.

Chairman HAWKINS. Mr. Henry?

Mr. HENRY. Thank you, Mr. Chairman. I would like to return very briefly, first of all, to the three percent older American set-aside issue. I think the issue here is more than just political or even saying, with 80 percent of the seniors voting, you are going to respond at the local level.

The issue, as I have had it presented to me, is that the problem is that for the older American worker, you really need a separate delivery network for the service, especially if we are going to go forward, which I think is the consensus amongst most of us, that you need tighter targeting in the program in terms of economically disadvantaged and those facing additional barriers to unemployment.

That may not necessarily be true of the older worker; the 60-year-old widow, the 58-year-old person who has been displaced by economic relocation. Those people may be very intimidated by the environments of the job training centers and programs.

You understand what I am saying. You are talking about different types of problems categorically plus social problems in integrating service delivery. Now, I just pose that. I know what your feeling is. You want the maximum flexibility and you are telling us, yes, you will respond.

I think the issue is whether or not the older American worker is going to, in fact, be facilitated in a more carefully targeted environment.

A few other observations relative to Mr. Price's comments. We are all dealing with the issue and we debated it or the committee debated it prior to my coming to the Congress—the whole issue of targeting versus creaming.

We all know which way it went. We loosened it up. I think given the state of the economy at that time, it probably made a lot of sense. You had high unemployment. What you are trying to do is maximize your resources and get people in the work force as quickly as possible.

The nature of the situation has changed. Now we can and ought to more properly target. I think, Mr. Price, you warned us a little bit in terms of becoming overly rigid, and it may be a reflection, for example, of Mr. Carr's district which has Pontiac and Mr. Kildee the Flint area, where you still have a disproportionately high unemployment rate.

The dilemma you face here is that, in some sense, because of the high unemployment, you may, in fact, want less targeting. On the other hand, those are also communities with some of the deepest systemic needs.

I do not know how to play that, but you are warning us not to get overly rigid in the targeting.

Mr. PRICE. To leave it at the local level.

Mr. HENRY. But at the same time moving the program in that direction. That is going to be pretty tough. You are telling us to do two things at the same time.

The Senate is considering changes in terms of mandated composition of the local PIC councils. I am wondering if any of you would like to comment on the wisdom of that sort of move. Am I to understand, for example, that 15 percent of the local PIC councils would represent organized labor?

In Mr. Grandy's district, for example, there might not be much organized labor. How do you get representatives of labor which ought to be on there? Up in Michigan, for example, we have had splendid cooperation with the unions, the business and the government.

We get two to one match for every one of the governor's set-aside dollars from the unions and the corporations that share a joint venture. So I am not sure what is the best arrangement. I am saying does it, by definition, have to be organized labor or is that a universal norm?

When you want local, flexible control, would you just as soon have the kind of local, flexible control on your PIC composition that you currently have?

Mr. PRICE. From the National Association of Counties, we urge leaving the composition of the Private Industry Council as it is today. We believe that gives the flexibility to reflect the demographics in the local districts as it is currently structured.

If there is a strong labor movement in a given geographic area, then labor, under the present guidelines for PIC composition, will be effectively represented. We would think that would hold true for any other constituency in terms of representation on the Private Industry Council.

So we would strongly urge leaving it as it is. One of the things we have liked about our six-year experience with the Job Training Partnership Act, is that the flexibility is already there.

Again, that is consistent with our belief that these things, things of this nature, need to be left to local decision makers, to local SDAs. The local flexibility needs to be in place to do that.

Mr. HENRY. To make one other observation on administrative costs if we should raise the 20 percent in order to increase case management. Many human services—this is always the underfunded area and frustrates so much on what else we are trying to do.

I would argue that, particularly if you are going to set it aside as a state as opposed to the local, the state does not do case management. The local does. If we are going to increase the administrative allowance in the name of case management, I am not sure that is appropriate if it is allocated to the state as opposed to the local PICs.

Mr. SCHEPPACH. Mr. Henry, I would have to disagree with you that states do not do case management. That is probably one of the major front burner issues for state governments right now.

We have gotten into this in welfare reform. We have done, at NGA and in the states, a lot of work on high-risk populations: drug dependency, teenage pregnancy, illiteracy, dropouts and what have you.

The one thing that comes very, very strong is that we need to move towards a case management approach and we have got to integrate the education, welfare system and training system. It gets back at your three percent elderly issue also.

The case worker is the only person that can really make the judgement on what menu of services are necessary. How do you tailor it to that particular person to get them off of welfare?

We have got a long way to go in state government. We are out there in the field doing a lot of technical assistance, a lot of workshops and so on. That is a mandatory direction that we need to go. There is already a lot of case management at the state level.

Chairman HAWKINS. Mr. Poshard?

Mr. POSHARD. Thank you, Mr. Chairman. I could not help, Mayor Moran, but sit here with envy and listen to your unemployment statistics for your area. My area has nearly 12 percent unemployment for the general population, and we are running probably 65 percent unemployment for our youth, teenagers, during the summer.

The truth is that even though JTPA is an acknowledged success by all of us, we know that a lot of the jobs that are created for our summer youth with JTPA funds are to keep the lid on, as you indicated, Mayor, in many ways.

Let me ask you—that causes me some concern because, Mayor Moran, you were the one that mentioned constructive summer opportunities in the youth employment program.

What is that? A lot of the jobs that I see our youth getting through JTPA in the summer are not constructive employment jobs. They are make do. They are make work. They are not giving them the skills that they need to go out and further involve themselves in an adequately financed job that they can get by on.

Let's acknowledge the success, but let's say that there is a lot of JTPA funding that is going to make work, too, to do the very thing that we talked about, to get us through the summer.

Mr. MORAN. I am not going to argue with that, but it is a constructive experience to——

Mr. POSHARD. Is it just the intrinsic skills that you are talking about, getting to work and getting up?

Mr. MORAN. Getting up and getting to work at the right time in the morning and working for eight hours and being accountable for doing something. Now maybe some of those tasks would not have—did not need to have gotten done, but for the most part, they are things that benefit the private employer and benefit the community.

I think the most important benefit we get is that structured experience of somebody knowing what is expected of them in the job market. That gives us a leg up in getting them into employment when they finish high school.

There is marked disparity between Alexandria and your jurisdiction. On paper, it looks as though maybe we do not need JTPA money. The point we are making is, if you look deeper, you find that the unemployment rate among minority youth, for example, is not going to be all that much different.

If we fully counted it, I suspect it would be pretty similar. Our dropout rates out of high school, I bet, are pretty comparable.

Mr. POSHARD. I bet they are nowhere near comparable.

Mr. MORAN. In the District, they are about 40 percent. In Alexandria, they are over 20 percent. We have a very major drug problem as a result of people not being involved in the labor force, largely, and finding that drugs are a much more positive alternative in terms of making money and achieving self-esteem among their peers.

So we are dealing with endemic problems that go far beyond what one jurisdiction's unemployment rate is versus another.

Mr. POSHARD. Let me ask another question. In one of your statements, you said that we are serving less than five percent of the eligible population for JTPA funding.

What, in your estimation, are those other populations then that are going without appropriate funding that we need to be targeting? I guess, as just sort of a caveat to that, I would say that I have listened to Secretary Bennett go all over the country during the past several years in the education community, saying that funding really is not the bottom line necessity here for education.

Now I am hearing that same refrain with job training; that we need other things like values and accountability and so on, which I understand. Everyone of you have agreed universally here among yourselves today that funding is the problem; that right now we are funding less than five percent of the eligible populations that we should be funding in JTPA.

So, speak to that, will you. We are getting the refrain that money is not the problem; other things are. Yet, I have heard all of you say money is the problem. Is it?

Mr. FRASER. I hate to kind of wander off the reservation here. What is happening is the disintegration of the family as a nurtur-

ing environment for our children. That is the fundamental problem that many of us are wrestling with.

The point is that even if a kid does not get off to a very good start, does not have a supportive environment at home, does not get a good education, we cannot abandon them. That is where JTPA comes in. One of the points of emphasis is to try to help these kids become work ready.

May I add that in our city, we have created our own general property tax funded program called Transitional Work Internship Program. We call the kids TWIPs. They are high school graduates who cannot get a job.

We bring them into City Hall. We train the supervisor. They have to join a jobs club. We try to work with them until whatever their hangups are have been worked through. Then we try to put them into the private sector, purely 100 percent local property tax dollars.

It is an illustration of the kind of problems kids are having because they did not grow up in an environment where there were good role models, where they saw somebody working full-time, where there was high expectations, where people believed in education.

If you said, here I have a million bucks, where would you spend it? I would spend it on kids age zero to five. I would spend it on pre-school. I would try to get the mother into pre-natal care. I would have evaluation and screening, but you do not abandon the kids.

So what you are dealing with here is a piece of the problem. We are not bringing kids up to be good—I am talking particularly about males now. They are not growing up to be ready to be good parents, caring parents, good workers and good citizens.

So you intervene where you can. If I had, as I say, some money, I would spend it on kids age zero to five. You are dealing with an important piece of it because if somebody at least can get into the job market and become self-sufficient and self-supporting, the chances that they will make it are increased.

It is just a piece of the problem. It is a growing problem. We are in deep trouble. The trouble is getting deeper all the time. These funding issues just drive me up the wall because we are increasingly having to raise taxes on our property tax owners or our homeowners because the Federal Government somehow—I do not want to sound critical—but the Federal Government somehow cannot get its act together.

I do not know if that is helpful, but at least that is my perspective on this.

Mr. MORAN. It is very articulately put, Mayor. We thank you. I know all of us agree with that sentiment. If you had to choose among priorities, I also agree that that two and a half billion dollars for the ABC childcare bill is as high a priority, probably a higher priority.

You have got to get the kids in the most important developmental stage of their life. When those kids get into public school—and the same thing is in all of our jurisdictions.

When kids that have had no nurturing, or very little of it, in their formative years are put together in the same classroom

where kids have had the advantages that most people in America have today, they start to define themselves as inferior, intellectually.

They are not able to say to themselves, well, the reason that this kid can answer all the questions that the teacher asks is because they have had a lot of intellectual stimulation, as well as emotional and physical nurturing.

They do not know that. They think it is something about them. From that day forward, that first day in kindergarten, they start to define themselves as not competitive.

Now we know we have got to invest in those first five years to make sure they are competitive the day they enter the school system. There are hundreds of thousands of people who today are not competitive. We cannot close the door on them and say we are going to invest—we know now where the money needs to be put.

These people are part of our society and have got to be part of our economy. They have got to be trained. They have got to know they have something to contribute. We need what they have to contribute.

So JTPA is a critical part of that investment that America needs to make in our society and particularly in our economy.

Mr. PRICE. We believe we could use additional funds in the JTPA program and we believe we would be able to make more of an impact. We find that JTPA has made a substantial difference in the lives of the kids that we do have the funds for right now.

In our county, we are finding that there are linkages between the criminal justice system and what we are not able to do in the Job Training Partnership Act. We are finding that with limited funds, we have substantially reduced the recidivism rate in our juvenile justice system.

If we could augment that with additional funds in the Job Training Partnership Act, we could further reduce that recidivism rate. One of the questions that has been touched on earlier is why do you support the older workers set-aside.

One of the reasons the companies are aggressively pursuing older Americans is because of the work ethic that existed previously. There are problems in our youth population with a work ethic, with things that you and I just take for granted; for example,knowing how to balance checkbooks—that we just take for granted.

It is not occurring in the current educational system. With additional funds, we believe that we could maximize, particularly in the youth section, and improve in many other areas.

The criminal justice system is one that comes to mind in terms of the sheer economics of building the prisons that are being talked about nationally and on a state-by-state basis, a county-by-county basis.

If we could intervene, and clearly if we intervene in a positive fashion in the employment section, we could make a substantial difference in both the criminal justice system and the educational system in this country.

Chairman HAWKINS. That, gentlemen, seems to be an excellent place to conclude with this panel. I think we worked towards a real

positive theme. I wish to express the appreciation of the committee to the witnesses.

You have been very helpful, cooperative and we thank you for your contribution.

Mssrs. Fraser, Moran, Price, Scheppach. Thank you, Mr. Chairman.

Chairman HAWKINS. The next panel will consist of Mr. Gerald Peterson, Assistant Inspector General for the Audit Office of the Inspector General; and Mr. Robert Ivry, Senior Vice President, Manpower Demonstration Research Corporation. Mr. Peterson is accompanied by Mr. Stephen Krembs. Nice to see you.

Gentlemen, we appreciate your patience. We look forward to your testimony. We will hear first from Mr. Gerald Peterson.

STATEMENTS OF GERALD PETERSON, ASSISTANT INSPECTOR GENERAL FOR AUDIT OFFICE OF THE INSPECTOR GENERAL, U.S. DEPARTMENT OF LABOR, ACCOMPANIED BY STEPHEN KREMBS; AND ROBERT IVRY, SENIOR VICE PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORPORATION

Mr. PETERSON. Mr. Chairman and members of the Committee, I thank you for the opportunity to appear before you today and share my office's perspective on the JTPA amendments pending before Congress.

H.R. 2039 and other pending bills present an opportunity to redirect the JTPA program to more efficiently accomplish its intended objectives and concurrently reduce the potential for program abuse.

We believe all the proposed amendments contain provisions which, in whatever combination they are ultimately passed, will strengthen the program.

I preface my remarks with the caveat that they reflect the views of the Department of Labor, Office of the Inspector General, and not necessarily the views of the administration or DOL program staff.

My testimony before this committee on September 29, 1988, praised the Job Training Partnership Act for breaking new ground with the requirement that the Department of Labor establish performance standards which were intended to drive the program to create the greatest return on our investment in human capital.

Unfortunately, Mr. Chairman, after seven years of JTPA, we are still not in a position to know how effective performance standards have been in achieving a productive return on the investment, because current data collection and established performance standards do not provide sufficient data to calculate the return.

Success in JTPA depends upon the Federal and state partners being both accountable to each other and to their funding source in Congress. Our audit work has shown that accountability at all levels of the program is somewhat lacking and, as a result, Congress and the senior partner in JTPA, the Department of Labor, have no ability to comprehensively evaluate the program to determine if its intent is being realized.

As a result of this lack of accountability, we have encountered numerous situations during our audit work which we believe are

abusive. Examples of these abuses have been provided in my written testimony submitted for the record.

I will discuss six specific program areas which need greater accountability to prevent abuses from happening. These areas are targeting, cost accountability, procurement, recordkeeping, reporting, and monitoring.

H.R. 2039 and H.R. 3266 and the Administration's JTPA bill address many of these same concerns. However, we have additional recommendations which will further strengthen the program.

Program targeting, by definition in JTPA, concerns itself with meeting the congressional mandate that the program result in a productive return on investment. We are encouraged to find that the House bill, the Senate bill and the Administration's bill all contain provisions for more intensive targeting of the program to serve individuals with multiple barriers to employment.

This is a very positive step in further directing the program towards gaining a productive return. However, the complementary element of how this population is best served is still unknown.

Provisions of H.R. 2039 which call for mandatory sharing of data between the Departments of Education, Health and Human Service, and Labor should improve this deficiency. This data sharing is essentially for developing measures which address goals of long term employability and reductions in welfare dependency.

We will recommend, however, that H.R. 2039 be even more specific than it is now relative to the uniform definitions in reporting requirements and prescribe data elements which are currently known to be needed such as uniform outcome measures.

It is important to note that proposed JTPA amendments in the JOBS program under the Family Support Act of 1988 both will require collection of data on the number of individuals experiencing multiple barriers to employment. Also, data related to improved education and occupational skills will be required.

Clearly, if national performance statistics are to be collected and used to evaluate the program, uniform definitions applicable to all states must be developed.

Mr. Chairman, in order to avoid having legitimate information collection stifled, it may be necessary for H.R. 2039 to legislatively direct collection of specific measures needed for program targeting and evaluation.

Our initial report on JTPA participant training and services recommended that ETA implement performance standards to realign program priorities towards increased employment and earnings of participants and reductions in welfare dependency.

In response, ETA implemented standards for job retention and post-program earnings and requested permission to collect other relevant information on skills deficiencies and competency attainments.

Their request to collect uniform pre-program information on skills deficiencies was rejected and measures of competency attainments took more than two years to gain approval.

Congress, by imposing limitation on the amount of funds to be spent for administration and participant support, intended that at least 70 cents of every JTPA Title II-A dollar be expended for training.

Since the program's inception, it has become increasingly difficult for any organization, Federal or state, to determine whether JTPA fund recipients have complied with basic program restrictions on cost limitations and unreasonable profits.

This is caused by the system's increasing reliance on the use of fixed unit price, performance-based contracting. We have found that this contract, in practice, with its intended allowance for charging 100 percent of cost to training, has effectively circumvented the congressional mandate for spending limitations.

It is particularly important, therefore, that provisions of H.R. 3266 be adopted. These required the Secretary of Labor to comprehensively define the cost categories and establish procurement controls.

It is also important that H.R. 2039 include provisions of the Administration's bill which require a breakdown of cost components and charging of these costs to the appropriate cost categories in all but very limited circumstance as defined in Section 141 of the Act.

JTPA procurement is the area which we believe is most in need of congressional attention. The Act's original intent to decentralize procurement policy to the state and local level was appropriately designed to allow local decision makers to provide services that meet local needs.

In practice, however, we have found that state and local procurement systems often are not designed to procure training services. H.R. 3266, introduced by the Subcommittee on Employment Opportunities, contained provisions which would assure greater controls over JTPA procurements at the state level.

I would recommend that the committee incorporate these provision into H.R. 2039. These provisions would establish minimum baseline procurement controls which all states must meet.

These prohibit conflicts of interest, require maintenance of procurement records, encourage competition, require cost and price analysis in the award of JTPA contracts, and clearly enhance the overall accountability for procurement actions.

OIG strongly supports the recordkeeping provisions of H.R. 3266. These provisions require any recipient, subrecipient or service provider receiving funds under JTPA to simply maintain records of revenues and expenditures for the duration of the grant, subgrant contract or other agreement.

Adequate program reporting is the most fundamental method by which Congress can assess program performance and adherence to legislative requirements. The current law as well as H.R. 2039 identifies limitations on certain costs as being applicable to funds available to a service delivery area to any fiscal year.

I believe that if H.R. 2039 included the amendments to require the limitation to be applicable to funds expended by the SDA in any fiscal year, the ability to determine compliance with and thus enforce the statutory cost limitation would be greatly enhanced.

If the Act retains the funds available language, a requirement for reporting expenditures by year of obligation by cost category, is necessary, we also believe the changes in the frequency of Federal reporting would improve stewardship over the JTPA program. I would recommend that H.R. 2039 require quarterly financial reporting by states and SDAs.

Most entities' fiscal year ends on March 31, June 30, September 30, or December 31. By requiring quarterly Federal reports with these ending dates, information contained on Federal reports may be closely linked to the audited financial statements required by the Single Audit Act and thereby enhance the use of the single audit report.

The final program policy area which H.R. 2039 can positively impact is program oversight and monitoring. Based on our observations, neither the Department of Labor nor the governors have placed sufficient emphasis on program oversight.

In order to bring program oversight to a level required to assure the proper and legal use of funds and thus prevent abuses of a nature I referenced earlier, we would recommend that H.R. 2039 contain provisions which require the Department of Labor to establish minimum requirements governing performance standards management, procurement, recordkeeping, reporting and monitoring which reflect baseline levels of acceptable program management, the nature of which I have discussed here today.

Mr. Chairman, you have noted that much of my testimony is either focused on or has related to the JTPA systems use of fixed unit price, performance-based contracting. The Inspector General's office is not proposing that this type of contracting cannot serve a positive purpose in carrying out congressional program intent if it is used as limited and well controlled.

If written to assure a reward only for legitimate risk-taking, this contracting method does have the potential for gaining the better product from the private sector. What we are proposing is that the use of fixed unit price, performance-based contracting be limited to private sector providers and prohibited for use by governmental and nonprofit entities.

Even when used by private sector providers, we recommend that H.R. 2039 require that such contracts include provisions for cost and price analysis, effective pricing, recordkeeping and conflict of interest. All of these provisions except for defective pricing are contained in H.R. 3266.

Mr. Chairman, it seems clear that the job training Partnership Act will be amended during this session of Congress. We believe this presents an opportunity to confirm the original goals and objectives of the program as well as to increase accountability and minimize abusive practices.

We encourage this committee to support legislation which will result in a maximum return on the investment as was originally envisioned seven years ago.

[The prepared statement of Gerald Peterson follows:]

Statement of
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Office of Inspector General
U.S. Department of Labor
before the
Committee on Education and Labor
U.S. House of Representatives
on the Job Training Partnership Act Amendments of 1989
H.R. 2039
September 20, 1989

Mr. Chairman and members of the Committee, I thank you for the opportunity to appear before you today and share my office's perspective on the JTPA amendments pending before Congress. H.R. 2039 and other pending bills present an opportunity to redirect the JTPA program to more efficiently accomplish its intended objectives and concurrently reduce the potential for program abuse.

I preface my remarks with the caveat that they reflect the views of the Department of Labor, Office of Inspector General, and not necessarily the views of the Administration or DOL program staff.

My testimony before this Committee on September 29, 1988, praised the Job Training Partnership Act for breaking new ground with the requirement that the Department of Labor establish performance standards which were intended to drive the program to create the greatest return on our investment in human capital.

Unfortunately, Mr. Chairman, after 7 years of JTPA, we are still not in a position to know how effective performance standards have

been in achieving a productive return on the investment, because the implementation of the program has fostered conditions leading to abuses, rather than training and employing the economically disadvantaged.

Success in JTPA depends upon the Federal and State partners being both accountable to each other and to their funding source in Congress. Our audit work has shown that accountability at all levels of the program is lacking and, as a result, Congress and the senior partner in JTPA, the Department of Labor, have no ability to comprehensively evaluate the program to determine if its intent is being realized. As a result of this unaccountability, we have encountered numerous situations during our audit work which we believe are abusive. For example:

In the State of Kentucky, as part of an incentive package to bring Toyota Motors Manufacturing to Kentucky, the State spent $2.58 million of JTPA funds to train individuals for jobs at the plant. Most of the individuals trained were fully employed prior to training, and did not qualify under any provisions of the JTPA. Additionally, the types of training offered were not allowable under the applicable section of the JTPA. Consequently, eligible participants were denied the opportunity to receive the type of training intended by the JTPA. Since our report was issued, Kentucky has refunded this $2.58 million to JTPA.

Our audit of The Oregon Consortium, an SDA serving 27 counties in that State, disclosed that the Consortium does not require or evaluate contractor cost and price information. Accordingly, they have no valid gauge of a reasonable unit price. In our review of 28 of 45 contracts, contractors earned profits of $4.2 million from JTPA allotments totalling $25.8 million. Because no cost or price analysis was

performed, we cannot determine if the price and profits were reasonable and, therefore, allowable under the Act.

In Wayne County, Michigan and Kansas City, Missouri we found on-the-job training (OJT) brokers functioning as middlemen who claimed payments for participants who did not complete training or were not placed in permanent jobs. (JTPA brokers receive payment from the SDA for achieving benchmarks and they, in turn, pay the employer 50 percent of the participant's wages.) We also found that participants had been hired by the OJT employer prior to the training contract and the employers inflated or submitted false claims of hours of training or rates of pay. As a result of these findings, we have determined that over $178,000 of expenditures are unallowable.

In another broker situation in Houston, we found that $3 million out of $4.5 million, or 66 percent of expenditures, was paid to brokers for negotiating and monitoring OJT contracts, while $1.5 million, or 33 percent, was used for OJT wage reimbursement to employers. We believe these broker fees are grossly excessive.

A JTPA contractor enrolled and trained participants as security guards at a cost of $3,000 each, which we believe is an inappropriate expenditure of JTPA funds. First, because many of the participants already had experience as security guards and did not require further training; second, because many of the participants had criminal records which precluded State registration as security guards; third, because placements were made into jobs which were not security guards; and finally, because the contract called for 400 hours of training for each participant when the State requirement for registration as an armed security guard only requires 26 hours of training.

Our review of a contract between the Mississippi JTPA Summer Youth program and the Mississippi Department of Education found that a Fixed Unit Price, Performance-Based Contract was utilized, even though readily available cost data indicated that a "cost reimbursement" contract was clearly more economical. Our audit showed the cost per participant under the cost reimbursement contract was $778. The cost per participant under the Fixed Unit Price, Performance-Based Contract for the same training was $1,225. Further, we found that a profit of $1.15 million, or 23 percent, of the $4.5 million award was actually budgeted into the contract. The contract was structured and funded in a manner that made profits almost a certainty. The Department of Education received 85 percent of the contract price when the participant enrolled and completed training. Only 15 percent of the fixed unit price was paid when participants achieved the program's goal, an 8-month gain in math and reading skills. Even if none of the participants achieved the 8-month gain, the contractor would still have earned a profit of $98,000.

We believe these are abuses of the JTPA program. If this Committee agrees that these are abuses, legislation is required to improve basic program accountability. I will discuss six specific program areas which need greater accountability. These areas are targeting, cost accountability, procurement, recordkeeping, reporting, and monitoring. H.R. 2039, H.R. 3266, and the Administration's JTPA bill address many of these same concerns. However, we have additional recommendations which will further strengthen the program.

Targeting

Program targeting, by definition in JTPA, concerns itself with meeting the congressional mandate that the program result in a

productive return on investment. Our January 1988 report on Participant Training and Employment identified a serious shortfall both in terms of who was being served and the data being collected by the JTPA system to further focus who should be served and how. At that time, we reported that approximately 60 percent of JTPA clients were high school graduates, and that approximately 50 percent of JTPA terminees were unemployed at 4 1/2 months post-program. We also reported that reductions in welfare dependency, a key congressional measure of this return on investment, were only slight, less than 5 percent for adults.

We are encouraged to find that the House bills, the Senate bill and the Administration's bill all contain provisions for more intensive targeting of the program to service individuals with multiple barriers to employment. This is a very positive step in redirecting the program toward gaining a productive return on investment. However, the complementary element of how this population is best served is still unknown.

We are also encouraged by provisions of H.R. 2039 which call for mandatory sharing of data between the Departments of Education, Health and Human Services, and Labor which should improve the system's ability to properly serve the disadvantaged. This data sharing is also essential for developing measures which address goals of long-term employability and reductions in welfare dependency. We would recommend, however, that H.R. 2039 be even more specific than it is relative to the "Uniform Definitions and Reporting Requirements" and prescribe which data elements must be uniformly collected both across agency lines and within DOL itself.

Key to this discussion is the term "uniformly collected." If National measures of performance and National targeting decisions are to be made, the data collected which relates to these decisions must be commonly defined, implemented, and understood by

all parties involved. Even though JTPA allows State governors considerable discretion in shaping their JTPA programs, National measures of performance and measures of program characteristics must have this commonality to achieve their purpose as stated in the Act.

An example of this type of program characteristic problem is the definition of "families of one." Currently many State JTPA eligibility provisions allow "families of one" to be identified prior to assessing their "economic disadvantaged" status. The result of this flexibility has allowed individuals currently residing with their families at the time of their application for JTPA, regardless of the family's economic status, to be classified as economically disadvantaged and, therefore, eligible for the program.

Another example concerns the program performance measure of "placement." Currently, States are allowed to define a placement so loosely that this outcome, regardless of the duration of the placement, counts as a program success. We believe the definition of termination credit for job placement contained in H.R. 3266 is a step in the right direction.

Clearly, if National performance statistics are to be collected and used to evaluate the program, uniform definitions applicable to all States must be developed.

Mr. Chairman, our initial report on JTPA Participant Training and Services recommended that ETA implement performance standards to realign program priorities toward increased employment and earnings of participants and reductions in welfare dependency. In response, ETA implemented standards for job retention and post-program earnings and requested permission to collect other relevant information on skills deficiencies and competency attainments. Their request to collect uniform pre-program

information on skills deficiencies was rejected and measures of competency attainments took more than 2 years to gain approval. It is important to note that proposed JTPA amendments and the Jobs Program under the Family Support Act both will require collection of data on the number of individuals experiencing multiple barriers to employment and data related to improved education and occupational skills as well as on program outcomes.

We believe that, in order to avoid having legitimate information collection stifled, it may be necessary for H.R. 2039 to legislatively direct collection of specific measures needed for program targeting and evaluation.

In an effort to more appropriately target the services a participant receives under JTPA, several bills pending before Congress require a mandatory participant assessment. We view both a front and back end assessment of needs and achievements as critical to properly serving the participant and believe H.R. 2039 should stipulate at least some standardized assessment objectives if not outright identification of acceptable assessment methodologies. As a further safeguard for the participant, we would also recommend that, regardless of what training is called for by the assessment, especially if the assessment calls for basic or remedial education, the service provider for such training should be certified or approved similar to the practice used by Department of Veterans Affairs training programs, which require State Approving Agencies to ascertain qualifications of the institutions or training establishments which offer instruction.

Our concern on this point stems from a finding we developed in our report on Participant Training and Employment Services dealing with contracting. We found that 95 percent of 263 training contracts reviewed did not contain provisions requiring any trainer qualifications.

Cost Accountability

I would like to address the principle behind the imposition of accounting by cost category for program expenditures which was well conceived. Congress, by imposing limitations on the amount of funds to be spent for administration and participant support, intended that at least 70 cents of every JTPA Title II-A dollar be expended for training.

As I have previously testified, ETA management, by not clearly interpreting their own regulations or providing appropriate program guidance to the JTPA system, has allowed the system to both circumvent the legislatively mandated cost limitations and accrue unreasonable profits at the expense of training.

Since the program's inception, it has been increasingly difficult for any organization, Federal or state, to determine whether JTPA fund recipients have complied with these basic program restrictions. This is caused by the system's increasing reliance on the use of Fixed Unit Price, Performance-Based Contracting.

ETA's regulations, at 20 CFR 629.38(e)(2), allow JTPA costs to be allocated entirely to the training cost category, without any allocation to the other cost categories of administration and participant support, if the agreement with the service provider meets specific requirements and entails a level of assumed risk on the part of the provider. Program management has never clearly defined the specific requirements under which this contracting method can be used, leaving wide open to interpretation critical elements such as what accounting records are to be maintained, what activities constitute training, what constitutes acceptable risk, and what constitutes placement. As a result, program operators at the service delivery level have widely interpreted this regulation and designed contracts which charge all costs to

training when, in our opinion, some portion of the contract costs should otherwise be classified as administration and/or participant support.

In March of this year, ETA issued an interpretation of this regulation which attempts to guide the JTPA system toward writing "acceptable" Fixed Unit Price, Performance-Based Contracts, but ETA conceded in the issuance that many of the elements of the interpretation are "policy provisions recommended for adoption by States and are not found within the specific language of 20 CFR 629.38(e)(2) and, therefore, are not required."

We believe that this interpretation will create confusion without addressing our concerns because it was not issued as a formal regulation. Further, we continue to find no basis in the statute for the existence of the underlying regulation. Since we have found that this contracting practice with its attendant allowance for charging 100 percent of costs to training has effectively eliminated the congressional mandate for spending limitations, we have proposed that 20 CFR 629.38(e)(2) be eliminated in its entirety.

In the absence of elimination of this regulation there are several steps H.R. 2039 can take to bring accountability for the cost limitations into the program. A key amendment on this point would be to legislatively require, as does H.R. 3266, that the Secretary of Labor specifically define the cost categories. We suggest, however, that these definitions reference activities defined under Section 204 of the Act to further clarify their application. These definitions would identify allowable cost charging to the categories to the extent benefits are received by such cost category. Such definitions are necessary to ensure consistent application of the cost principles supporting the cost categories.

Another suggestion I would like to make is to establish a fourth cost category for activities that can best be described as "Employment Assistance Services." These activities, currently chargeable to training, constitute services more related to assisting the participant in gaining employment rather than training the participant to overcome skills deficiencies. The creation of a fourth cost category for activities such as job search, counseling, employer outreach and work habit modification, would have the benefit of isolating the amount of funds spent on true training and at the same time, parallel the JTPA Title III EDWAA program for dislocated workers which identifies such services as "Basic Readjustment Services."

We do not support a given percentage allowance for any one category or the elimination of Fixed Unit Price, Performance-Based Contracting per se. We are simply recognizing that accountability for whatever percentage allowance exists is totally absent and undeterminable and that Fixed Unit Price, Performance-Based Contracting practices that have evolved contribute significantly to this lack of accountability.

For example, as a result of the Oregon Consortium's exclusive use of Fixed Unit Price, Performance-Based Contracting our auditors were unable to assess compliance with the cost limitations. This resulted in an audit recommendation and an ETA requirement that the State reconstruct records supporting $53 million in expenditures to allow proper assessment.

Procurement

Closely aligned with my points on the cost categories and their limitations are issues which more appropriately fall into a discussion of JTPA procurement in general. The Act's original intent to decentralize procurement policy to the State and local level was appropriately designed to allow local decisionmakers to

provide services that meet local needs. In practice, however, we have found that State and local procurement systems often are not designed to procure training services. For example, our work in Colorado disclosed that the State central purchasing authority, not having specific guidelines addressing such procurements, largely accepted procurement actions forwarded by the JTPA entities at face value, effectively creating a "rubber stamp" situation. The New Orleans SDA, on the other hand, exempts JTPA training procurements as "professional services" and, therefore, allows JTPA purchases to go relatively unchecked. These situations create an environment where abuses of the nature I described earlier become the norm rather than the exception.

H.R. 3266, introduced by the Subcommittee on Employment Opportunities, contains provisions which would assure greater controls over JTPA procurements. I would recommend that the Committee incorporate these provisions into H.R. 2039. The H.R. 3266 provisions would establish minimum baseline procurement controls which all States must meet. These prohibit conflicts of interest, require maintenance of procurement records, encourage competition, require cost and price analysis in the award of JTPA contracts and clearly enhance the overall accountability for procurement actions.

Without these procurement controls, we will continue to see a loss of both program integrity and program funds. Currently, via the application of Fixed Unit Price, Performance-Based Contracting as allowed by 20 CFR 629.38(e)(2), contractors are allowed to effectively circumvent intended risk taking for more effective training by establishing contractual payment points which assure that expenses will be recouped and unrealistic profits earned. Our audits have uncovered numerous situations where contracts were modified to eliminate the possibility of contractor failure. For example, in one contract we reviewed, payment points for required referrals, mid-point completions, completions, placements and job

retentions were all reduced or revised to allow for contractor success. In fact, at the end of the contract period when some of the requirements were still not met, the contract was retroactively changed at the request of the contractor, to allow an additional $292,000 to be paid, effectively creating a cost reimbursement contract 6 months after the fact.

My reference to loss of JTPA funds is directly related to the potential for excessive contractor profits under Fixed Unit Price, Performance-Based Contracting. Because there are currently no requirements for disclosure of profit margins or related costs and price analyses, contractors are free to set prices often without regard to actual costs. For example, our review of the Fort Worth SDA identified a contract under which the service provider's costs were less than $6,400 while profit amounted to over $62,000.

Our review of the Oregon Consortium SDA identified contractors had earned profits of $4.2 million from JTPA revenues of $25.8 million. Without cost and price analyses the reasonableness and allowability of these profits cannot be determined. We do know, however, that profits directly reduce the amount of money available for training.

Finally, our review of the Mississippi contract between JTPA Summer Youth Program and the Mississippi Department of Education which I referenced earlier, revealed that a profit margin of 23 percent or $1.15 million of a $4.9 million award was actually budgeted into the contract. A further point on this contract was that the original procurement was set up as a cost reimbursement contract and, upon realizing additional JTPA funds would be available, the contract form was changed to a Fixed Unit Price, Performance-Based Contract. This increased the cost per participant from $778 to $1,225.

In my opinion, these last two examples point up an issue which H.R. 2039 has an opportunity to address. While there may be a legitimate role for the private sector providing JTPA services, and Fixed Unit Price, Performance-Based Contracting is one method of allowing these contractors a reasonable level of profit, I see no rationale for governmental and non-profit entities to operate under profit-making Fixed Unit Price, Performance-Based Contracts. Historically, these entities have operated quite successfully under cost reimbursement contracts and the evidence we have seen to date indicates no need for change.

This becomes more evident when considering data we collected as part of our audit work on program years 1984-1986. The data showed that for 18 frequently trained occupations, the cost differential between providing that training via cost reimbursement versus Fixed Unit Price, Performance-Based Contracts was significant. Our comparison showed that on average, Fixed Unit Price, Performance-Based Contracts cost 42 percent more per contract and provided 26 percent fewer hours of training than cost reimbursement contracts. When these two findings are merged to determine the average cost per hour of training, Fixed Unit Price, Performance-Based Contracting produces training interventions which cost 88 percent more than cost reimbursement contracting.

For example, cost reimbursement contracts for salesperson training cost $1,360 for 524 hours of training on average, while Fixed Unit Price, Performance-Based Contracts for salesperson training cost $2,400 for 274 hours of training on average. This differential results in an average per hour of training cost of $2.66 under cost reimbursement versus $7.37 under Fixed Unit Price, Performance-Based Contracting, almost three times more. Similar differentials for vehicle mechanic training produced a cost difference per hour of training of $2.48 versus $6.02. Overall, in all but one of the 18 frequently trained occupations, Fixed

Unit Price, Performance-Based Contracting resulted in greater program costs.

While our data represents an earlier period of time, we know that the use of Fixed Unit Price, Performance-Based Contracting has grown significantly since that time. If anything, current cost differentials may be even greater.

Recordkeeping

Recordkeeping, while often assailed as an unnecessary intrusion of government upon the local level, remains the most fundamental means by which Congress and program officials are able to account for and evaluate programs.

OIG strongly supports the recordkeeping provisions of H.R. 3266. These provisions require any recipient, subrecipient, or service provider receiving funds under JTPA to simply maintain records of revenues and expenditures for the duration of the grant, subgrant, contract, or other agreement. This requirement is especially critical in dealing with Fixed Unit Price, Performance-Based Contracts.

Currently, ETA regulations governing these contracts do not require the contractor to maintain any records beyond those which relate to contract performance, for example, participant records. Records of contractor expenditures and similar financial records need not be maintained. In order to complete its audit responsibilities and determine the propriety of both revenues and expenditures, OIG has found it necessary to issue subpoenas for records which may have been kept. We attempted to obtain records voluntarily in the New Orleans SDA and were refused. Subsequently, OIG subpoenas were issued and compliance was still not forthcoming. Now, more than 6 months after our initial

requests, we are still awaiting the outcomes of proceedings in U.S. District Court to enforce these subpoenas.

Recordkeeping requirements should exist and we recommend that H.R. 2039 should perhaps include a specific reference to Departmental access to such records. I would submit to you, Mr. Chairman, that if no abusive practices exist, there should be no problems in allowing access.

Reporting

I would like to reiterate OIG support for H.R. 2039 provisions requiring linkage with other agencies in the sharing of common data elements and definitions. Specifically, I believe the bill's mandate for a January 1991 joint report from the Secretaries of Labor, HHS and Education on data elements and definitions will encourage more timely linkages and more comprehensive analytical treatment.

With regard to the reporting of expenditures by cost category. The current law, as well as H.R. 2039, identify limitations on certain costs as being applicable to "funds available to a Service Delivery Area for any fiscal year." Due to the 3-year life of JTPA funds, funds that are unspent at the end of the year of obligation can be carried over for expenditure during the following 2 years. ETA allows recipients to account for the expenditure of funds on a first-in, first-out (FIFO) basis, meaning that the first monies available for expenditure at the start of a new year may be carry-over funds. However, recipients have applied the FIFO concept by specific cost category rather than by year of obligation. In this way, recipients shift expenditures in excess of the cost limitations applicable to a given year's funding to future funding periods. Because of these accounting maneuvers, there is a fundamental inability to determine adherence to the cost limitations.

I believe that if H.R. 2039 included amendments to require the limitations to be applicable to funds expended by an SDA in any fiscal year, the ability to determine compliance with, and thus enforce, the statutory cost limitations would be greatly enhanced. If the Act retains the "funds available" language, a requirement of reporting of expenditures by year of obligation by cost category is necessary.

We also believe that changes in the frequency of Federal reporting would improve stewardship over the JTPA program. I would recommend that H.R. 2039 require quarterly financial reporting by States and SDAs. Currently, Federal financial reports are required semiannually, even though the Act allows for quarterly reporting. The entity's fiscal year-end determines the period examined under requirements of the Single Audit Act. Often an entity's fiscal year-end does not coincide with the Federal reporting cycle. As a consequence, financial adjustments disclosed by the Single Audit may not find their way into the Federal reports.

Most entities' fiscal years end on March 31, June 30, September 30, or December 31. By requiring quarterly Federal reports with these ending dates, information contained on Federal reports may be closely linked to the audited financial statements.

Monitoring

The final program policy area which H.R. 2039 can positively impact is program oversight and monitoring. Based on our observations neither the Department of Labor nor the Governors have placed sufficient emphasis on program oversight.

The Department of Labor's interpretation of JTPA has consistently provided the Governors with the widest possible discretion. When

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our audit recommendations have called for some minimum standards of administration to be implemented to resolve deficiencies affecting the entire JTPA system, the response received from ETA is that such minimum standards are beyond ETA's control, given the Governors' discretionary authority. In our opinion, this discretionary authority does not preclude ETA from promulgating minimum systemwide requirements to correct systemwide problems.

Similarly, we have observed that State oversight is ineffective. In some cases, even though compliance reviews performed by the State have disclosed problems and failures to meet acceptable levels of performance, corrective actions have not been taken.

For example, in one State, an SDA failed to meet one or more of its required performance standards in each of the last four program years. To our knowledge, the State has never taken any action to impose sanctions or to reorganize the SDA's program, as required by the Act.

In order to bring program oversight to a level required to assure the proper and legal use of funds and, thus, prevent abuses of the nature I described earlier, we would recommend that H.R. 2039 contain provisions which require the Department of Labor to establish minimum standards of administration governing performance standards management, procurement, recordkeeping, reporting, and monitoring which reflect baseline levels of acceptable program management.

Summary

You may have noted, Mr. Chairman, that much of my testimony has either focused on or has related to the JTPA system's use of Fixed Unit Price, Performance-Based Contracting. I would like to point out that the Inspector General's Office is not proposing that this method of contracting cannot serve a positive purpose in carrying

out congressional program intent, if its use is limited and well controlled. If written to assure reward only for legitimate risk taking, this contracting method does have the potential for gaining a better product from the private sector for the funds expended.

What we are proposing, is that, in order to prevent abusive practices of profiteering and substandard service delivery, the practice of Fixed Unit Price, Performance-Based Contracting should be limited to private sector providers and be framed within accountability parameters which will assure that funds are spent on the best training, for the disadvantaged. These accountability measures, which we would propose be incorporated into a rewritten DOL regulation governing Fixed Unit Price, Performance-Based Contracting, would prohibit its use for governmental and non-profit entities and require that such contracting include provisions for cost and price analysis, defective pricing, recordkeeping and conflict of interest. All of these provisions except for defective pricing are contained in H.R. 3266 and we recommend their adoption.

Improving program accountability over reporting as well as contracting will necessarily improve program evaluations as well. Current evaluation efforts have fallen short. Whether this is due to a past reluctance on the part of the executive branch to intervene in State-run Federal programs, or simply a product of adjusting to the private sector's increased role in guiding and delivering program services, Congress now has no ability to truly gauge the success or failure of this 7-year old program.

Mr. Chairman, it seems clear that the Job Training Partnership Act will be amended during this session of Congress. We believe this presents an opportunity to confirm the original goals and objectives of the program as well as to increase accountability and minimize abusive practices. We encourage this committee to

support legislation which will result in a maximum return on the investment as was originally envisioned 7 years ago.

Chairman HAWKINS. Thank you, Mr. Peterson.

Mr. Robert Ivry, Senior Vice President, Manpower Demonstration Research Corporation. Mr. Ivry?

Mr. IVRY. Good morning, Mr. Chairman and members of the Committee. MDRC is pleased to have this opportunity to comment on H.R. 2039. I will focus my remarks primarily on how the lessons from MDRC's youth employment research apply to the major provisions in the proposed amendments.

Since its passage in 1981, JTPA deserves credit for restoring public confidence in the Nation's employment and training system.

Chairman HAWKINS. Mr. Ivry, I guess you have anticipated this. The Committee will take a five minute recess and return as rapidly as possible.

[A recess was taken.]

Chairman HAWKINS. We will continue with you, Mr. Ivry. We apologize again but look forward to your testimony.

Mr. IVRY. Thanks, Mr. Chairman. Since its passage in 1981, JTPA deserves credit for restoring public confidence in the Nation's employment and training system, for building a broad base of support including a pivotal role for the private sector, and for attempting to develop performance measures to hold local JTPA programs accountable.

Yet, these achievements are no reason to become complacent. The current basic skills crisis poses a threat to the future vitality of America's economy. Yet, the combination of labor shortages and changing demographic patterns create a window of opportunity where jobs for the unemployed will be available if the skills gap can be reversed.

The challenges to reorient the major delivery systems, including JTPA, to target services to the more disadvantaged groups, those who are unlikely to make it on their own, and to provide a combination of services which bolster academic, work readiness and vocational skills, many of the provisions in H.R. 2039 will help JTPA accomplish this objective.

Against this back drop, let me now turn to six major lessons from MDRC's youth employment research and their implications for the proposed JTPA amendments.

Lesson number one: Programs which combine school with part-time and summer work experience can increase the employment potential of in-school youth. The Youth Entitlement Program, evaluated by MDRC, was the Nation's first and only guaranteed jobs program for disadvantaged young people.

Seventy-six thousand youth in seventeen communities accepted the offer of a guaranteed job on the condition that they stay and return to school. This program raised the employment rate of eligible youth, eliminated the disparity between white and black youth unemployment rates and improved the employment prospects of youth once they completed school.

Lesson number two: Short-term low-cost services like job search and work experience, offered alone are not sufficient to improve the employment prospects of high risk youth including school dropouts.

Lesson number three: There is increasing evidence that more comprehensive programs which combine basic skills with occupa-

tional training and support services can be effective for high-risk youth including school dropouts.

Until recently, Job Corps was one of the few success stories for school dropouts. Yet, evidence from two recent MDRC demonstrations, Project Redirection and JOBSTART, provide new information on the potential of comprehensive programs for these youth.

A five year follow up of Project Redirection, a program combining education, parenting classes and employability of development for pregnant and parenting teens, showed that Project Redirection teens were more likely to be working, earning more, and less likely to be on welfare than a comparison group that did not participate in Project Redirection.

JOBSTART was modeled on the major program features of Job Corps, basic skills instruction, occupational training, support services and job placement assistance but without the residential component.

It was targeted to dropouts with low reading levels and was implemented in 13 sites with funding primarily through JTPA. This intensive service package appears to be paying off in terms of educational attainment levels.

Based on a one-year followup, 28 percent of the JOBSTART youth had earned their GED compared to only ten percent of the controlled group. The 24 month followup is scheduled to determine if the educational investment leads to higher employment rates and earnings.

Lesson number four: It can be difficult and costly to recruit disadvantaged youth in the job training programs. Many communities have resorted to passive recruitment techniques due to overall funding reductions in cost category restrictions.

This means that the most motivated youth are likely to enroll, individuals who probably have a reasonable chance of success without JTPA. Yet, aggressive outreach is necessary to reach the disconnected youth who are reluctant to enroll because of immediate financial needs, peer pressure or the fear of failure.

Lesson number five: Support services such as counselling, child care and stipends are valued by young people and are important in both enticing them into programs and helping them maintain the motivation to continue.

Lesson six: Commonly used performance measures such as placement rates and cost-per-placement, while well-intentioned as accountability tools, may be working at cross purposes to JTPA's ultimate objective, to maximize the return on the investment.

The emphasis on low cost placements both as a performance goal and as a way to qualify for incentive funding through the six percent set-aside has led many SDAs to enroll the more job ready, many of whom may have succeeded without JTPA's assistance.

MDRC's research, particularly in the welfare area, suggests that reaching more disadvantaged individuals is likely to increase the return on the investment since these individuals would have been unlikely to succeed without JTPA's help.

Shifting JTPA to focus more resources on intensive longer term services for high-risk youth and adults will require a combination of statutory changes, strong signals from the Federal Government

about the objectives of the system and monetary incentives for states and SDAs.

Many of the provisions of H.R. 2039 are steps in the right direction. First, H.R. 2039 stipulates that at least fifty percent of the participants in programs funded under Part II-C must be out of school youth with priority given to school dropouts.

Furthermore, among in-school youth, priority needs to be given to those at risk of dropping out. These steps will send a strong signal to states and SDAs that these groups are now a priority for service.

Second, the proposed amendments require that state administered incentive funds be distributed only to SDAs which exceed the revised Federal targets for serving disadvantaged groups.

This will both lesson the financial benefits of creaming and provide positive incentives for SDAs to target hard-to-serve individuals.

Third, the proposed amendments increase the caps on both administrative and support services to 20 percent. This will allow SDAs to spend more on supportive services, recruiting, work experience, stipends and other services which appear to be important in attracting and retaining less job-ready individuals.

Fourth, H.R. 2039 places a strong emphasis on education. For example, the attainment of educational as well as employment competencies is added as a recognized performance measure for youth.

As MDRC findings show, basic education, in addition to work and training activities, can be a key component of successful programs for highly disadvantaged youth.

Fifth, changes in the rules governing performance-based contracting should reduce the tendency for SDAs to rachet up the performance standards and contracts with service providers in order to improve their performance. This tendency reinformed the systemic bias towards serving more employable clients.

Finally, the creation of a separate youth title reflects a recognition that young people require special attention and tailored services to address their multiple needs.

Changes such as these will both reduce the existing barriers and create strong incentives for SDAs to serve more disadvantaged populations and provide the educational, employment and supportive services which can best assist these individuals.

JOBSTART provides a glimpse of the type of promising program which could represent the future of JTPA if these changes are implemented. Such programs will allow the Nation's job training system to better respond to the changing needs of employers and workers and will help keep the American economy competitive into the 21st century.

Thank you.

[The prepared statement of Robert Ivry follows:]

TESTIMONY OF

ROBERT J. IVRY

SENIOR VICE-PRESIDENT

MANPOWER DEMONSTRATION RESEARCH CORPORATION

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR

UNITED STATES HOUSE OF REPRESENTATIVES

HEARING ON H.R. 2039

JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

SEPTEMBER 20, 1989

Good morning. I am Robert Ivry, Senior Vice-President of the Manpower Demonstration Research Corporation. I am pleased to have this opportunity to comment on H.R. 2039, the proposed amendments to the Job Training Partnership Act, and to share some relevant lessons we have learned during nearly fifteen years of conducting research on employment and education programs for a variety of disadvantaged groups. I will focus my remarks today primarily on the provisions of the proposed legislation which deal with JTPA programs for young people.

I will begin by describing some recent trends and developments that have led policymakers to seek ways to retool some of the major systems that serve our nation's poorest citizens -- including JTPA. Next, I will highlight some of the lessons from MDRC's research which are relevant to the current proposals to amend JTPA, focusing mainly on our work with programs serving high school dropouts, teenage parents and other disadvantaged youth. Finally, I will offer some specific comments on the proposed amendments, as well as some other changes we would recommend to help strengthen JTPA.

Before turning to specifics, I would like to congratulate the sponsors of H.R. 2039 for the general thrust of these amendments. There is a general consensus that elements of the JTPA program need to be revised in order to better target the program's resources toward longer-term services for more disadvantaged populations. Research conducted by MDRC and others suggests that several provisions of the proposed amendments, especially those relating to targeting, performance standards and spending restrictions, represent important steps in the right direction.

A New Focus on Basic Skills and the Severely Disadvantaged

There is an emerging consensus among policymakers and corporate leaders on the need to raise the educational attainment and improve the basic skills of disadvantaged youth and adults in order to respond to the hiring needs of a rapidly changing labor market. This has occurred for several reasons.

First, many observers have noted that shifts in the United States economy have created a mismatch between the skills required for entry-level jobs, and the skills possessed by many job-seekers. The decline of many old-line manufacturing firms during the past two decades and the shift toward services has increased the demand for literacy, math, reasoning, and problem-solving skills. Thus, the economy has become less tolerant of educational deficiencies, and the cost of poor skills has risen, both for the individuals involved and for society as a whole. At the same time, demographic projections suggest that the number of people entering the workforce will shrink in the coming decades. A recent Department of Labor study estimates that between 1986 and 2000, the labor force will grow more slowly than at any time since the 1930s, and the number of 16-24 year olds in the labor force will actually decline by 3 percent. Furthermore, a growing proportion of young adults entering the labor force will be members of groups -- such as minorities, recent immigrants, youth from single parent families and the poor -- who have faced major problems in obtaining and holding jobs. These economic and demographic trends have contributed to the persistence of poverty in many areas, even amidst severe labor shortages, and have stimulated new efforts to help disadvantaged youth acquire the skills and credentials necessary to enter and advance in the workforce. These efforts are increasingly seen as critical both for individuals and for the future health of the national economy.

Second, recent research has revealed a striking, direct relationship between basic skills deficiencies and a variety of social problems -- most notably youth joblessness, teenage parenting and dropping out of school. One study found that young people with low basic skills (those who scored in the bottom 20 percent on a standardized test) are nine times more likely to drop out of school, eight times more likely to become mothers out of wedlock, and four times more likely to become welfare dependent than are young people with above-average basic skills. In short, it is becoming increasingly clear that closing the "skills gap" must be a key objective of any strategy for bringing disadvantaged youth into the economic mainstream.

Third, and finally, these problems have costly consequences -- for the business community, for the individuals involved and for society at large. For employers, recruiting workers in a tight labor market and training workers who have poor basic skills can add substantially to the cost of doing business. For government, expenditures on social supports for people who are unemployed or out of the labor force exacerbate an already tight budget situation. Finally, for young people who are unable to obtain well-paying jobs, the "skills crisis" often means poverty and despair on a daily basis.

These new economic, social and financial realities have presented policymakers with both an opportunity and a challenge for the 1990s. On the one hand, the tight labor market creates an unusual opportunity to offer a job to every American who wants to work, at least in the short-term. Further, research efforts have identified the most critical barriers to employment facing disadvantaged people, as well as some promising approaches to removing these obstacles. On the other hand, it is also now clear that many of the major systems that currently deliver services to the disadvantaged -- including the welfare, education and job training systems -- need to be adapted to meet the new challenges.

During the past year, policymakers at the state and federal levels have taken a number of important steps to reorient these systems. The Job Opportunities and Basic Skills Training (JOBS) program -- created as part of the Family Support Act (FSA) of 1988 -- is designed to reduce long-term welfare dependency, in part by increasing the availability of basic education and training services for AFDC recipients.

In March of this year, a panel of JTPA practitioners and experts on employment policy assembled by the Secretary of Labor (which included MDRC) released Working Capital: JTPA Investments for the 90s. This report offers twenty-eight specific recommendations designed to target JTPA services toward a more disadvantaged population -- including individuals with poor basic skills -- and to focus program resources on basic skills instruction and other intensive services. Such changes were seen as necessary even with the passage of FSA because the JOBS and JTPA programs serve overlapping, but not identical, populations. H.R. 2039 and other recently-proposed JTPA amendments embody many of the recommendations included in the Working Capital report. Research conducted by MDRC and others supports the thrust of these proposed changes in JTPA.

Relevant Lessons from Youth Employment Research

The principle objective of MDRC's work over the past 15 years has been to produce high-quality, objective research evidence on the effectiveness of social programs which can assist policymakers in designing or improving initiatives for the disadvantaged. The results of our studies, which have involved more than 200,000 individuals in 150 locations in 35 states, have often influenced the policymaking process at both the state and federal levels.

Fortunately, solid research evidence is available to inform many aspects of the current debate over amendments to JTPA. I would therefore like to share with you some important

lessons from research on youth employment programs conducted by MDRC and others which are directly relevant to the provisions of the proposed legislation which deal with JTPA services for young people.

LESSON 1: **Programs which combine school with part-time or summer work experience can increase the earnings potential of in-school youth.**

Between 1978 and 1981, MDRC worked with the Department of Labor to conduct the Youth Incentive Entitlement Pilot Projects (YIEPP), which guaranteed part-time jobs during the school year and full-time summer jobs to all low-income youth in 17 communities, on the condition that the young people attended school and met academic performance standards. YIEPP, which served over 76,000 youth, was the nation's first and only test of a job guarantee for young people.

The impact of YIEPP was estimated by comparing the school and employment behavior of young people in four of the demonstration areas to that of similar youth in four comparison sites which did not operate YIEPP. This study found that, during the period that YIEPP was in operation, the program raised the employment rate of eligible youth by 68 percent. The impact was even larger for black youth. In fact, during the relatively brief period of the demonstration, YIEPP eliminated and even reversed the gap between black and white unemployment rates. Perhaps more important, YIEPP increased the earnings of youth after the program ended as well. These earnings gains were especially large for males.

LESSON 2: **Short-term low-cost services such as job search and even longer-term activities like work experience offered alone seldom produce lasting effects, especially for severely disadvantaged youth such as high school dropouts.**

Job search and work experience can be important components of youth employment programs, and can produce positive results for some segments of the youth population. However, MDRC's research suggests that these activities, when offered alone, do not produce lasting results for more disadvantaged youth such as high school dropouts who need to improve their basic skills in order to succeed in the job market.

The most careful study of job search assistance for young people found that this program, while possibly helpful when combined with other services, was by itself too limited and brief to meet the long-term multiple needs of disadvantaged youth. It did raise young people's employment and earnings during the first year after participation, but these gains evaporated and the program had no lasting effect.

Evidence on the effect of work experience can be found in the National Supported Work Demonstration, a large-scale test of a highly structured work experience program conducted by MDRC between 1975 and 1982. Although supported work increased earnings, reduced welfare receipt, and was cost effective for long-term AFDC recipients, results were much less encouraging for disadvantaged youth who had dropped out of high school and, in many cases, had criminal records. Again, work experience, even when combined with close worksite supervision, was not successful in overcoming the barriers to employment this group faced. In light of these results, MDRC's youth-oriented variation of supported work added remedial or vocational education to the basic work experience. Although funding was not available to determine the impacts of this latter program, early operational results suggested that youth remained in the enriched program for longer periods.

In the YIEPP demonstration, the impact analysis found that, despite the significant earnings and employment gains that I described earlier for in-school youth, the job guarantee

did not draw large numbers of dropouts back to school. Of those who did return, many dropped out again after a relatively short time. The program's inabili y to attract dropouts back to school may have been related to the relative lack of funding for p.ogram services other than jobs. For example, YIEPP operators found that many participants had severe problems meeting the program's academic requirements, and could have benefited from basic education services which were not part of the program. Dropouts were also more likely than in-school youth to be living apart from their parents, to have children of their own to support, and to have other needs (such as child care, counseling, and skills training) which the program was not prepared to address.

LESSON 3: **There is increasing evidence that more intensive and comprehensive programs which include basic skills instruction, occupational training and support services may be effective even for severely disadvantaged youth.**

While there has been limited research on this topic, we do know that there are programs that work, even for dropouts and other severely disadvantaged youth still in school. Furthermore, virtually all of the youth programs that have been shown to make a difference in the lives of participants have been long-term, multi-service programs combining education, training, exposure to the world of work, and support services to address the multiple problems of disadvantaged young people.

For example, five years after enrolling in the program, participants in MDRC's Project Redirection -- which offered educational, pre-employment, life skills and parenting instruction to pregnant teens and very young mothers -- worked more, had higher earnings and were less likely to be receiving welfare than similar youths in a comparison group. In addition, the children of Redirection participants were found to have fewer behavioral problems and better vocabularies than children of comparison group women. However, it is also important to note

that, despite these positive impacts, only about one-half of Redirection participants had a high school degree or GED five years after enrolling in the program, half were receiving AFDC, and only one-third were employed.

Early findings from the JOBSTART demonstration suggest that this program may also produce successful results. JOBSTART grew out of the results of previous research, particularly studies which suggested that the residential Job Corps program was effective for highly disadvantaged school dropouts. Recognizing that Job Corps services could not be offered to all dropouts, MDRC developed the JOBSTART model, which is designed to test a program that is similar to the Job Corps, but offered in a non-residential setting, and with a less extensive set of support services. The JOBSTART model includes basic skills instruction, occupational skills training, job placement assistance, and support services such as counseling, life skills training and transportation assistance. The program served high school dropouts, aged 17 to 21, who read below the eighth grade level.

A report published by MDRC earlier this year noted that JOBSTART participants were more disadvantaged than are youths typically served in the JTPA system, and that the JOBSTART sites provided a more intensive program than was typically offered youths in JTPA. For example, the median length of participation in JOBSTART was about 6 months, compared with a median stay of 3.4 months for young dropouts in JTPA Title IIA programs during the same period. Most encouraging was the fact that JOBSTART produced substantial impacts on educational attainment during the 12 months after participants entered the program. By the end of a one-year follow-up period, 28 percent of JOBSTART participants had earned a GED, compared to only 10 percent of the members of a control group which did not receive JOBSTART services. These results held for all subgroups, including young men. This

investment in human capital by participants appeared to come at the cost of forgone employment and earnings in the short run. However, the employment rate difference narrowed over the follow-up period as increasing numbers of participants left JOBSTART and found employment. It will be important to determine whether these short-term educational gains translate into longer-term employment and earnings impacts. A second report, scheduled for late 1990, will provide more information on program impacts two years after program enrollment.

LESSON 4: It can be difficult and costly to recruit disadvantaged youth into job training programs.

Despite the fact that at current funding levels only a small fraction of disadvantaged youths are able to be served in JTPA programs, many youth employment programs around the country are undersubscribed. For example, in MDRC's JOBSTART demonstration, which served high school dropouts with low reading levels through the JTPA system, program operators were able to enroll a highly disadvantaged population into the program, but recruitment was an ongoing problem. This has also been true of a number of past education and training initiatives serving dropouts.

This does not necessarily reflect the lack of a work ethic among disadvantaged youth, but it does suggest that programs working with this population need to engage in active, aggressive recruiting, since many of these young people are reluctant to risk failure and are disconnected from the network of social service agencies. Unfortunately, limited or restricted funding prevents many existing programs from designating staff for outreach and recruitment. Thus, outreach efforts are often poorly conceived and unsuccessful. In addition, the process by which young people are admitted into programs -- which often includes complex eligibility

verification procedures -- can frustrate and inadvertently screen out many of the more disadvantaged young people who initially express interest. Finally, since many low-income youth want jobs to meet immediate financial needs, they cannot afford the "free training" provided by programs which do not offer paid work experience or stipends.

LESSON 5: **Support services such as child care and transportation assistance, counseling and stipends can be important both in recruiting young people into programs, and in helping them to maintain the motivation to continue.**

The evidence cited in Lessons 3 and 4 suggests that support services which supplement the basic educational or occupational activities offered by a program can be important to recruiting and retaining disadvantaged youth in employment programs. Although no research has rigorously studied the effects of different components of comprehensive programs, the accumulated experience of those operating programs as part of MDRC demonstrations and elsewhere suggest that services beyond the core of education and occupational training are much more than simply "handholding."

Youth program participants cite two kinds of services as especially important. First, programs must help young people "make ends meet" by helping them cover the costs of child care, transportation, lunches and other expenses of participating in education and training. Many youths are in desperate need of income to pay for basic necessities, so efforts to provide stipends while in the program or arrange part-time jobs can be useful.

Second, young people often need assistance in making the transition to the world of work. Experienced counselors can often play a vital role by helping young people understand the demands of the workplace and what it takes to hold a full-time job, learn how to balance the demands of work, child care and other responsibilities, and, perhaps most importantly, build

their own self-esteem and confidence. In addition, severely disadvantaged youth often need assistance and emotional support when dealing with external factors such as housing or family crises which can make it difficult for them to succeed in training programs or jobs.

LESSON 6: **Commonly-used performance measures such as placement rates and cost-per-placement do not necessarily reflect the difference an employment program makes in the lives of participants. In fact, strategies designed to maximize these outcomes may result in an unintended misallocation of resources.**

Employment and training programs are designed to improve the economic condition of participants and increase the productivity of our labor force. For example, Title I, Section 106, of the JTPA statute states that:

> (a) The Congress recognizes that job training is an investment in human capital and not an expense. In order to determine whether that investment has been productive, the Congress finds that --
>
> > (1) it is essential that criteria for measuring the return on this investment be developed; and
> >
> > (2) the basic return on the investment is to be measured by the increased employment and earnings of participants and the reductions in welfare dependency.
>
> (b) (1) The basic measure of performance for...training programs is the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program...

The last clause of this statement is key: the success of JTPA or any other employment and training program -- and the degree to which it produces real benefits for both government budgets and society in general -- depends on the degree to which individuals participating in the program experience gains relative to what they would have achieved on their own, without enrolling in the program. This difference between what participants achieve through the

program and what they would have achieved without it represents the true effect -- or "impact" -- of the program.

Program impacts must therefore be distinguished from program outcomes, such as placement rates and cost per placement. Impacts measure the difference a program makes. For example, in MDRC studies we often estimate the increases in earnings and employment which are attributable to a program. Outcomes measure what happens to people (such as getting a job or getting off welfare) who enroll in the program, regardless of whether the program had anything to do with these events. Numerous studies have shown that some enrollees who achieve an outcome would have done so on their own, without program services. Hence, outcomes always overstate the achievements directly attributable to a program. In the extreme, a program could serve and place into jobs mostly people who would have found employment on their own. In this case, the program would achieve a high placement rate but would actually have little impact on the participants. Investing public funds in such a program would not yield a high return, because the program would not produce "increases in employment and earnings" or "reductions in welfare dependency," relative to what would have occurred in the absence of the program.

A consistent finding in MDRC's work with relatively low-cost employment programs serving (mostly adult) welfare recipients is that program impacts are smallest for the most job-ready clients. This is true even though program outcomes -- in this case, employment rates -- are generally highest for this group. This is not surprising, since those with fewer barriers to employment would presumably fare better without the program than would those facing many barriers. However, the evidence does not clearly support the converse. That is, impacts are

not necessarily largest for the most disadvantaged clients. Rather, programs seem to produce the largest impacts for a "middle group," who are neither the least nor the most disadvantaged.

Unfortunately, comparable research evidence on impacts for subgroups of participants is not yet available for programs serving disadvantaged youth, although a large-scale controlled study of JTPA currently underway should yield important information on this subject by the early 1990s. (MDRC is part of the team conducting this evaluation.) However, even in the absence of directly relevant findings, it is still important to understand the outcome-impact distinction, and to note that programs which achieve high placement rates by targeting relatively less disadvantaged clients do not necessarily produce large impacts, and thus may not be cost effective.

While definitive evidence must await long-term results from JOBSTART and other studies, these lessons, along with the demographic and economic trends I discussed earlier, suggest that the nation's employment strategy for young people should focus on disadvantaged groups like dropouts and teen parents, should rely on programs which combine occupational and educational instruction, exposure to the world of work, and a mix of support services and counseling, and should devote substantial resources to the task of recruiting young people into the system. However, implementing such a strategy will necessitate a major reorientation of the JTPA system, which is not currently equipped to serve severely disadvantaged youth or to offer intensive, long-term services.

Impediments Within the JTPA System to Operating Intensive Programs for More Disadvantaged Youth

JTPA deserves credit for restoring public confidence in the nation's employment and training system, for building a broad base of support, including a pivotal role for the private sector, and for attempting to develop performance measures to hold local JTPA programs accountable. However, there are some inherent tensions between the statutory objectives of JTPA (which focus on program impacts and return on investment) and the system of performance standards (which focus on program outcomes, such as job placement rates, other "positive terminations" and the "cost per success story"). This tension may undermine the ability of JTPA to meet its statutory goals. Let me elaborate.

Studies of JTPA's early period suggest that the system focused on maximizing job placements, minimizing costs and developing credibility with the employer community. During this period, performance standards stressing short-term job placement provided strong incentives for SDAs to target services toward more employable clients. For example, during program years 1984-86, young dropouts constituted only 11 percent of participants in the main JTPA title (IIA) and 27 percent of youth participants. More severely disadvantaged clients, generally requiring more intensive services, were less likely to be served because those clients were less likely to succeed and thus less likely to help SDAs achieve their performance targets. Although the system exceeded its performance goals, it may have done so at the cost of neglecting the groups within the universe of JTPA eligibles with the greatest need for job training services.

Despite the dearth of directly relevant research findings, there has been growing concern in recent years that JTPA's focus on outcomes has come at the expense of true impacts. Thus, regulatory changes and policy statements issued by the Department of Labor have attempted to reduce JTPA's emphasis on quick job placement, at least for some types of clients. In some

areas, these changes have begun to bring about a shift in priorities. However, a placement and cost-driven ethos is still strongly ingrained in the system. This means that explicit legislative changes are needed to push JTPA to adjust to changing demographic and labor market conditions by shifting its focus to more intensive and comprehensive services for individuals who are educationally as well as economically disadvantaged.

JOBSTART: A Glimpse at the Future of JTPA?

Aside from testing a promising program model, MDRC's JOBSTART Demonstration, operated at 13 sites nationwide between 1985 and 1988, provides a "case study" to assess the potential and constraints of implementing intensive programs for highly disadvantaged youth under the current JTPA structure. As I noted earlier, JOBSTART served high school dropouts aged 17-21 who read below the eighth grade level. More than one-half of JOBSTART youths were receiving public assistance, and nearly one-half had not worked within the previous year. One-half of the females were mothers, and one-fourth of the males had been arrested since their sixteenth birthday. The vast majority were members of minority groups. The program model included self-paced educational instruction, occupational skills training, support services and job development and placement assistance. In essence, JOBSTART is an early example of the kind of program that JTPA will need to support in the coming decade.

Despite the highly disadvantaged target group and the intensive service model, no special federal funding was obtained to support JOBSTART program operations. Sites had to raise money from existing sources, primarily Tile IIA of JTPA. As expected, the system presented program operators with a number of difficult challenges. In fact, JOBSTART might not have succeeded without the environment of a special demonstration, and the creative strategies developed by program operators to overcome systemic obstacles to operating intensive

programs serving highly disadvantaged groups within JTPA. For the most part, these obstacles stemmed from JTPA's emphasis on short-term, low-cost programs that quickly place a large percentage of people into jobs, and from statutory restrictions on the way states and SDAs may use program funds.

The use of the 6 percent setasides by states illustrates how SDAs are steered in the direction of serving more employable rather than less employable subgroups within the universe of JTPA eligibles. In most states, the 6 percent setasides are used to reward SDAs that exceed performance standards for specific groups. These special funds create a powerful incentive for SDAs to focus their resources on clients who are likely to become employed more quickly. This effectively penalizes SDAs that operate programs like JOBSTART which, by definition, cannot perform well according to short-term job placement and cost criteria.

Federal performance standards and the focus on quick job placement pervade the JTPA system in other ways as well. For example, since SDAs are expected to achieve high percentages of "positive terminations" for youth, the performance-based contracts they negotiate with agencies that deliver program services often stress these same outcomes. Typically, the primary benchmarks for service providers enrolling youth are completion of a GED or placement in a job. This may make providers unwilling to enroll severely disadvantaged youths who cannot achieve one of these outcomes quickly.

In addition, SDAs tend to "ratchet up" the performance standards in contracts (above what the SDA itself is expected to achieve) in order to give themselves a margin of safety. This "ratcheting" tendency is reportedly widespread, as SDA's attempt to hold service providers to higher and higher standards in order to improve their own performance relative to the standards.

In the JOBSTART Demonstration, education agencies that operated the JOBSTART program and referred participants to other programs for skills training often encountered difficulty getting paid because their payment benchmarks were tied to the performance standards, as just described. Many youths who begin a program like JOBSTART reading below the eighth grade level may not achieve a GED yet can make the transition into further occupational training. However, this transition is not counted as a positive termination when the follow-up training is funded by Title IIA of JTPA.

In the area of cost restrictions, current law defines three cost categories (administration, support services and training) and imposes limits on the proportion of spending that can fall under the first two items. The goal of these restrictions is to induce SDAs to spend program funds on training services likely to lead to job placement. However, in the JOBSTART Demonstration, the cost limitations created additional barriers to serving the disadvantaged youth targeted by the program.

For example, the cost limitations hampered the JOBSTART sites' ability to provide support services and work experience to participants. As I noted earlier, once enrolled in a program like JOBSTART, seriously disadvantaged youth need extensive support services such as assistance with child care and transportation and other activities to create a supportive environment and build a commitment to the program. The demonstration also suggested that work experience, coupled with education and training, could play a useful role in such programs by reinforcing "world of work" training and providing youth with a vital source of income during the extended period of program participation. In addition, the cap on administrative expenses (set at 15 percent), along with other limitations, made it difficult for most sites to hire adequate recruiting staff. This may have contributed to the sites' recruiting difficulties.

Recruitment was also hampered by JTPA intake procedures, which established a virtual "obstacle course" for interested youth. Some applicants were screened out because they could not prove that they met JTPA eligibility requirements. Others did not have the perseverance to complete the necessary paperwork or were unwilling to cooperate with the excessive documentation requirements that probed their and their families' financial status. This type of obstacle course effectively screens out many highly disadvantaged clients.

What Can Be Done to Improve the System?

Shifting the JTPA system to focus more resources on intensive services for highly disadvantaged youth will require a combination of statutory changes, strong signals from the federal government about the objectives of the system, and monetary incentives for state governments and SDAs. Many of the proposed provisions in H.R. 2039 are steps in the right direction -- particularly establishing more targeted eligibility criteria, modifying the performance standards and the use of incentive funds, and increasing the cap on administration and support services spending. The recommendations offered here are based on the research and experience described above and address six broad areas -- targeting, performance standards, contracts, intake procedures, replication of successful JTPA programs, and coordination of JTPA with other programs -- that influence who is served by JTPA and what types of services are available.

Before recommending specific changes, I would like to emphasize what should not be changed. The JTPA service delivery system is based on a partnership at the local level between the private sector and local elected officials, and on state oversight and local service delivery. This structure has been critical both in solidifying private sector support for the program and in

making it responsive to the needs of employers. These are important achievements, and we are pleased to see that H.R. 2039 will not substantially alter the structure of the system.

Targeting: The JTPA system should focus its scarce resources. Funds should be concentrated in areas with the largest number of eligible individuals, and service delivery areas should target services to those eligible individuals who are most in need of JTPA services. Because it is unlikely that JTPA will ever be adequately funded to serve all eligibles in need of services, it is important that resources be used as effectively and efficiently as possible.

In terms of the groups targeted for JTPA youth services, several strategies should be used to focus program resources on young people who have dropped out of school, lack basic skills, or are in school but in danger of dropping out. These approaches should include both changes that remove the barriers currently preventing SDAs from serving these groups as well as positive steps toward shifting program resources in their direction. These revisions, more than any others, will push JTPA to enroll segments of the youth population that have generally been under-served during JTPA's early history.

H.R. 2039 stipulates that no less than 50 percent of the participants in programs funded under the new Part IIC must be out-of-school youth, with priority given to dropouts. Further, the proposed amendments require that, among in-school youth, priority be given to young people who are at risk of dropping out, who are in need of school-to-work transition assistance, who are parents, or who have limited English-language proficiency. These changes will send an important signal to states, SDAs and program operators that these groups are now a priority for service. MDRC recommends that the amendments go one step further by explicitly stating that a substantial majority of out-of-school youth served by JTPA must be dropouts.

In terms of spending restrictions, MDRC is sensitive to the need to target scarce resources toward legitimate employment-related expenses. However, as the JOBSTART findings show, the current restrictions on support services and administration can present major barriers to recruiting and serving severely disadvantaged youth. The provisions in H.R. 2039 which increase the supportive services and administration caps to 20 percent represent important steps in this area. An alternative strategy would be to increase the cap on administrative costs to 20 percent and to combine support services and training into one cost category that should account for at least 80 percent of spending. In addition to allowing SDAs to spend more on recruitment and supportive services, increasing these caps might also make it easier to offer work experience and stipends which can help participants in long-term programs earn income to support themselves. The effect of this change may be to boost retention rates in intensive programs for seriously disadvantaged youth.

Performance Standards: I described earlier how JTPA's performance standards can erect roadblocks to serving highly disadvantaged youth. It is also important to remember that clear performance standards are an important tool for enforcing accountability and enhancing performance in the highly decentralized JTPA system. However, the system for adjusting standards and evaluating performance could be improved in several ways.

Among other steps in this area, H.R. 2039 stipulates that, in prescribing performance standards for both youth and adult programs, the Secretary must assure that states and SDAs will make efforts to increase services and positive outcomes for hard-to-serve individuals. Specifically, the amendments add "attainment of education competencies" to the list of standards for youth. In addition, the amendments propose that state-administered incentive funds be

distributed only to SDAs which exceed the revised federal targets for serving highly disadvantaged populations. Other changes in performance standards should also be considered.

First, direct measures of the employability of the clients served by SDAs -- measured, for instance, by prior employment and welfare history -- should be used to adjust performance standards. The Department of Labor will soon have some of the data required to make this change, since new assessment and data collection requirements could allow the department to significantly improve the adjustment model. Making this adjustment a requirement -- rather than an optional step, as under current law -- would reinforce the message that the system must accommodate less job-ready clients.

Second, eliminating cost standards as a performance measure, or at least from the formulas used to distribute incentive funds, would reinforce the message that SDAs should serve less job-ready clients in intensive programs. These standards, which can be useful in the daily management of SDAs and service providers, are a poor proxy for cost-effectiveness. Cost information can be misleading, particularly in programs that combine JTPA funding with other funding. Cost standards only reflect JTPA funding, not total program costs, and can penalize resource-poor communities where the opportunities to use non-JTPA resources to augment JTPA funding is limited.

Contracts: As I discussed earlier, performance contracts between SDAs and service providers can exert a powerful influence on who is served by the system. When contracts stress the performance standards applied at the SDA level, and when SDAs "ratchet up" these standards to provide themselves with a margin for error, service providers may be reluctant to serve less job-ready clients. In addition, the potential for abuse may be increased when the all of the costs incurred under contracts can be charged to training. In order to address these

problems, the statute could be amended to constrain the use of performance-based contracts. In addition, as H.R. 2039 proposes, SDAs could be required to break down all expenses among the three cost categories. If performance-based contracts continue to be permitted, the statute could make explicit that payment benchmarks can be events other than positive terminations. In addition, SDAs could be encouraged or required to adjust the provisions of contracts to reflect the nature of the population served, in much the same way that SDAs' standards would be adjusted under the recommendation described earlier.

Intake Procedures: In order to remove the "obstacle course" created by complex intake procedures, the statute could be amended to make clear that 100 percent documentation on all aspects of eligibility is not required. For example, the Department of Labor could specify that possession of a valid public assistance identification card is adequate documentation of eligibility, so that SDAs would not always need to require applicants to produce pay stubs or other forms of verification.

Replication of Successful Programs: We are fortunate that high-quality research on programs like JOBSTART and Project Redirection has been able to identify models which may be successful in assisting even highly disadvantaged youth. The federal government should be prepared to support the identification and replication of such programs through the JTPA system. The Department of Labor supported such a replication effort in the case of the Summer Training and Employment Program, which combines summer jobs with remedial education, life skills instruction and support services during the school year.

Coordination with Other Programs: As I noted earlier, the amendments to JTPA which we are discussing today are just one element of a broad effort by policymakers to reorient some of the major systems and programs which serve America's poorest citizens. In particular,

Congress' passage of the Family Support Act last October, which includes the creation of the JOBS employment program for welfare recipients was another important element of this effort. The JTPA Advisory Committee, which included a subcommittee on JTPA/welfare linkages, concluded that coordinating these efforts would be beneficial to both systems. The creation of a statewide body to oversee both JTPA and JOBS, along with other employment and education programs for the disadvantaged, would allow each state to tailor this collaborative effort to its own needs. The new body could be a modified version of the State Job Training Coordinating Council or a new body created expressly for this purpose.

In addition, as H.R. 2039 proposes, coordination among different training programs could be facilitated by a core set of consistently defined data elements and definitions for reporting purposes.

Conclusion

The recommendations I have just outlined are based on MDRC's research findings and experience during the last 15 years. However, it is important to remember that, in many ways, knowledge in this area is limited, and there is still much to learn. Nonetheless, the statutory changes I have described may help to target more JTPA resources toward intensive services for seriously disadvantaged clients. This new focus should help to prepare JTPA for the challenges facing our nation.

Chairman HAWKINS. Thank you. Just a couple of questions, one to Mr. Peterson. Mr. Peterson, I am wondering why the Inspector General does not feel that fixed unit price, performance-based contracting is appropriate for the nonprofit and government entities.

Mr. PETERSON. Mr. Chairman, as I understand it, ETA has defined the profit that is generated by fixed unit price contracting with nonprofits as program income. It seems to me that that just delays that money from being used for its intended purpose at the time it could be used.

We have used cost reimbursement contracts between levels of government and between levels of government and nonprofits for a long time. I think that has been a very satisfactory usage. I can see no reason for changing it.

Chairman HAWKINS. I understand also that in terms of the fiscal aspects of the issue, that you favor the provisions of H.R. 3266, the Martinez bill.

Mr. PETERSON. As it applies to the fixed unit price contracting and the provisions, I absolutely do. I think it would be very wise to roll that right into your own, sir.

Chairman HAWKINS. Thank you.

Mr. Ivry, I was quite interested on page four of your statement that you mentioned in terms of lesson number one; that between 1978 and 1981, MDRC did work with the Department of Labor to conduct certain pilot projects, among them the Youth Incentive Entitlement Pilot Project.

There was some of us who are very familiar with that period of time and those demonstrations. I have never been able to understand why those demonstrations were never continued, never implemented and why some of them would not be relevant even today, particularly the first one you referred to.

Do you think that it would be relevant today to try some of those? We put money out all the time on demonstrations and we never seem to give a darn after the demonstration is over, regardless of what they seem to demonstrate.

Then somebody else comes in, new personnel and what not, and we again spend money to demonstrate something else. After the demonstration, we never follow through. Have you any explanation of why we never seem to capitalize on what we learn?

Mr. IVRY. I think a lot of it has to do with timing. The research we have done in the welfare area, for instance, came out at a very opportune time when Congress was deliberating the passage of welfare reform legislation.

I think at that particular time, what we learned about welfare to work programs played a role in formulating that legislation. Unfortunately, in the case of the Youth Entitlement Program, it was a case of bad political timing. Those findings came out just after the 1980 election when there was not much sentiment for continuing major Federal roles in supporting youth programs.

Consequently, even though this program showed some very impressive results, particularly in terms of reversing the disparity that exists between black and white youth unemployment rates, that it really was not picked up.

I think it was caught up in the indictment of work experience programs in general. The Youth Entitlement Program was primari-

ly a work experience program that was tied to a schooling component. I think the findings, though, are still very relevant today.

I guess it is heartening to know that at least in some states, they have taken these findings and have enacted legislation to run their own state programs modeled on some of these demonstration findings.

Chairman HAWKINS. Thank you. I certainly would like to solicit your help in addressing this problem because I recall that we did draft a bill to continue this particular program.

Mr. IVRY. I think three times.

Chairman HAWKINS. Yes, and then we did not get any support for it. I feel that somehow we should be criticized for not picking up and continuing through despite the political climate. I think that it is relevant.

Certainly, when you get into the drug problem, youth gangs, and so forth, we are looking for ways to attack the problem, but we do it only in rhetoric and never give anything specific to the problem.

Mr. Henry? Mr. Bartlett, I guess I did not see you, sorry.

Mr. BARTLETT. Mr. Chairman, since Mr. Henry was here and waiting, I will be happy to yield to Mr. Henry.

Chairman HAWKINS. Thank you.

Mr. HENRY. Thank the gentleman from Texas. I will brief. Mr. Peterson, obviously I am very disheartened by some of the things in your testimony. They are of real concern. I think—as you know, this is going to be a tough issue that we are wrestling with. That is a given.

One of the concerns that we want to be sure is that the cure is not worse than the disease. In the instances you cite, do you view these problems as systemic throughout the whole program?

I know that is a dangerous question. In terms of the number of program audits you were doing, were these frequent, and what do we mean by frequent, or are these the worst case horror scenarios that politicians like to waive that condemn the whole program?

Mr. PETERSON. Unfortunately, sir, our experience has grown worse over the past couple years. The last two or three SDAs we have been in are worse than the ones we had previously reported on in terms of the abuses.

I do not want to suggest that that means that every SDA or every service delivery area is abusing these funds. I do not know that. I have been in a limited number of locations. Those that we have audited during the past year have had very significant problems.

Mr. HENRY. Have these been random selected audits?

Mr. PETERSON. Basically, randomly selected. Most of them were in the southwest because our region that is doing most of our work happens to be in the southwest, in Texas, but randomly selected from that point of view, from that region's point of view.

Mr. HENRY. Can you give me a rough idea? Are we talking about one out of three SDAs with one of the sorts problems your testimony indicated?

Mr. PETERSON. I am afraid, sir, that it is widespread. I particularly think the abuse of fixed unit price contracting is widespread and growing more widespread all the time.

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The provision that allows for single unit charging of fixed unit price contracts has caused that scheme to double and redouble and redouble time after time. Many of the organizations are trying to get around that 15 percent administrative limitation.

The provision that allows them to charge the entire contract to training, the fixed price mechanism, I am afraid has caused the abuse to grow significantly over the past couple of years.

Mr. HENRY. We are having an awfully good hearing because there is a lot of consensus on how this bill ought to be reauthorized.

Inherent in your position, there is always going to be some conflict with the secretary. That is the nature of the game. You are the watchdog. What does the Secretary of Labor say relative to your recommendations on this?

Is her concern that it will programmatically disrupt local flexibility in the same way we have heard from the local SDA vendors that were represented earlier? Is that really the trade off that is involved?

Mr. PETERSON. I do not really think so. We have been very supportive of the Administration's bill. I think it is a good one and goes a long way to correcting some of the cures.

I do not think that the two phrases, flexibility and accountability, need be mutually exclusive. I think that you can have the flexibility and should have the flexibility. We certainly are not coming in here and opposing flexibility.

What we think is you need to be accountable for how you have used that flexibility. You need to do that in a way that allows for appropriate oversight of how you spent those monies.

So we do not think that—I have not had a chance to talk to the secretary but certainly have talked to the assistant secretary, Mr. Roberts Jones, and I do not think we are in conflict.

I do not think that the concepts that we are espousing are in conflict; that is flexibility and accountability. I hope they are not.

Mr. HENRY. Thank you. Thank you, Mr. Chairman.

Chairman HAWKINS. Mr. Bartlett?

Mr. BARTLETT. Thank you, Mr. Chairman. I want to focus on Mr. Peterson's testimony because it seems to me that the results are a rather limited and narrow investigation which, perhaps the parameters of the investigation would dictate the results, may cause Congress and this committee to air rather dramatically.

I want to focus on what you investigated. As I understand, your investigation focused on performance-based funding contracts. Is that correct or did you also investigate cost reimbursement?

Mr. PETERSON. Well, we have looked at both. We looked at some '84 through '86 data. Let me say that is early on and there may be some changes. In that data, we looked at fixed unit price contracts and found that the fixed unit price contracts cost 42 percent more on average than cost reimbursement and provided 26 percent fewer hours of training.

Mr. BARTLETT. Mr. Peterson——

Mr. PETERSON. If these statistics are combined, the fixed unit price contracts cost 88 percent more per hour of training on average. Now that was looking at——

Mr. BARTLETT. Mr. Peterson, let me interrupt because I seem to hear in that statistic a bias towards cost-per-hour of training as opposed to cost-per-outcome.

Mr. PETERSON. I hope there was not a bias.

Mr. BARTLETT. Well, per hour of training is a bias towards percentage of cost-per-hour of training. Do you have any comparability between performance-based contracts and cost reimbursement contracts as they performed in training and placing people in productive employment?

Mr. PETERSON. No, we do not. We do not. I have it based on cost. I do not have it on the outcomes. Of course, one of the problems there is that there is very little standardization in terms of the outcomes. We do not have it expressed in terms of the outcomes.

Mr. BARTLETT. Mr. Peterson, so your study concluded, roughly, that we spend more dollars on employees that we are training in cost reimbursement contracts than we spend in performance-based contracts. Is that you study?

Mr. PETERSON. That is not our——

Mr. BARTLETT. To spend more dollars?

Mr. PETERSON. No, it is not. We do not.

Mr. BARTLETT. I thought you said we spend 88 percent more or something. Do we spend more dollars?

Mr. PETERSON. No, it is just the opposite. We spend 88 percent more per hour of training on average for the fixed unit price. We assumed the fixed unit price—let me say going into this, reviewing this data early on—we assumed the fixed unit price would be more efficient and that the cost, given some kind of reasonable competition, would be less.

I want to say up front——

Mr. BARTLETT. What about per——

Mr. PETERSON. This is limited data. It is 84-86 data. It is very aged at this point in time. At that point in time, we found it the exact opposite. As a matter of fact, what we found there led us to look at fixed unit price contracting on a broader scope.

Mr. BARTLETT. Mr. Peterson, have you made any evaluation on comparing the fixed unit price contracts versus cost reimbursement contracts measuring their outcomes, the number of people who are placed into productive employment and who keep their jobs?

Mr. PETERSON. We have not. We have not; just the cost.

Mr. BARTLETT. Mr. Chairman, I would have to suggest to our committee that that is the whole question. There is no other question. The goal of JTPA is to train and place people into private employment, not to spend money per hour or spend money per year or per agency.

We did have some job training programs in years past called CETA which, as I recall, used, almost exclusively, cost reimbursement contracts. The program was one of the only Federal programs in the history of the Federal Government to be abolished as a result of a low performance.

Now I hear this study sort of pushing us back in—in fact, it says after seven years of JTPA, we ought to go back to the old CETA approach of cost reimbursement. Is that your conclusion?

Mr. PETERSON. I hope you do not read that, sir. I do not think that it says that. It certainly is not our conclusion. We say very

clearly that we are not suggesting that you should do away with fixed unit price contracting.

We suggest, if you are going to use them, that they be controlled in such a way as you know what kind of a price up front you are paying for what kind of an outcome.

As the fixed unit price contracts are used, the people using those contracts do not have the sophistication of a Defense Department or a department that is historically involved in using fixed unit price contracts.

When we go to look, you cannot find what kind of historical cost data the price was based on or if, in fact, historical cost data was even used. You cannot find any provision for defective pricing so that you can adjust it after the fact.

There are no pricing certifications so that if you find that data——

Mr. BARTLETT. Mr. Peterson, my time has expired, but I would like to reserve the opportunity to ask some questions on a balance. I do want to get crystal clear on your recommendation. It seems to me perhaps we could make some adjustments.

If we adjust as contained on page six, the third paragraph, if we were to adjust the so-called fixed unit price, performance-based contracting to where we call it that, but then we tell the JTPA or the PIC at the end of the year that they then go back into the contract and treat it like a cost reimbursement contract—and I am curious as to whether that is what you mean when you talk about provisions for cost and price analysis and defective pricing and recordkeeping and such as that—it seems to me a fixed unit price contract, if it is competitive bid, we ought to then agree to pay per unit of outcome and not go back and audit their costs because it is irrelevant.

Mr. PETERSON. Well, if it were based on defective pricing, it would be relevant. That is what we are trying to say. If you build in the proper safeguards, the safeguards that are typically historically built in to fixed unit price contracting as you and I understand the Federal Government to do fixed unit price contracts, I have no problem with the concept at all.

It is a very good concept. When you get it down to the place where those safeguards are not taken, then we have got trouble with abuses——

Mr. BARTLETT. Mr. Chairman, I have some related questions but I will not pound on this. I have some related questions. I would like to reserve additional time for the second round, if that is possible.

Chairman HAWKINS. Well, you are in the second round now, Mr. Bartlett. It is the intent of the Chair to conclude this panel and go on to the next. I suspect that if I do not go ahead, I will be the only one left.

Mr. BARTLETT. I apologize, Mr. Chairman. Mr. Chairman, I would like to——

Chairman HAWKINS. I would appreciate if you and Mr. Henry want to continue and I will delegate you to chair the meeting, I have no objections to that. If you wish——

Mr. BARTLETT. Mr. Chairman, I would be——

Chairman HAWKINS. Mr. Gunderson also.

Mr. BARTLETT. Sure, Mr. Chairman. I would be happy to do that and then I may wish to also submit some questions for the record. I would also inquire of the Chair and without the need for an answer now, if, in fact, the committee wants to make some changes in this, and there may be some changes, I would hope that we could set up either a special panel or the committee or subcommittee to hear additional witnesses from agencies who are performing in the field.

Chairman HAWKINS. May I say this without wishing to foreclose any of the other witnesses? We have Mr. Kolberg, an important witness, and Mr. Struever also. This panel, we could ask them to be seated, all of the remaining witnesses to be seated at the table to present their statement.

I would be very glad if you or Mr. Bartlett, by seniority, could continue the meetings, if that is satisfactory.

Mr. BARTLETT. It would be suitable with me, Mr. Chairman.

Chairman HAWKINS. Then I would ask Mr. Kolberg, a friend of many years and president of the National Alliance of Business, and Mr. Struever to join the witnesses at the table and to hear brief statements from Mr. Kolberg and Mr. Struever. I regret that I have two meetings between now and one o'clock.

Mr. Gunderson, would you assume the Chair?

Mr. GUNDERSON. I am going to leave it to Mr. Bartlett.

Chairman HAWKINS. Mr. Bartlett then will be the acting Chairman and will continue the hearing. We respect the patience that the witnesses have demonstrated. I apologize for having to leave. Thank you very much. Thank you, Mr. Bartlett.

Mr. BARTLETT. Thank you, Mr. Chairman. I would call on Mr. Poshard to see if he has any questions at this time and then we will go on with the additional witnesses. Mr. Poshard?

Mr. POSHARD. I have no questions.

Mr. BARTLETT. Mr. Kolberg, if you would like to proceed.

STATEMENTS OF WILLIAM KOLBERG, PRESIDENT, NATIONAL ALLIANCE OF BUSINESS; AND WILLIAM STRUEVER, CHAIRMAN OF THE BALTIMORE PRIVATE INDUSTRY COUNCIL, REPRESENTING THE NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

Mr. KOLBERG. Thank you very much, Mr. Chairman. I will try to summarize my statement in just the few minutes the committee has left. First off, I want to commend the committee for the legislation that has been proposed.

Those of us in the private sector take it as a vote of confidence that you left the shape of the delivery system the same and the membership of the Private Industry Councils the same.

I would point out to the committee that Great Britain is in the process of copying this delivery system, not right down to the final tee, but they are creating 80, what they call, training and enterprise councils across Great Britain. They are two-thirds private sector. They are chaired by the private sector. They are private nonprofit corporations.

I would invite the committee members and any of the staff to come to our annual conference October 1 through 4. A delegation of 29 to 25 of the chairman of those TECs will be there.

I think it would be very interesting to listen to their questions and their comments on what we have done right and how, at least in part, they intend to emulate what we have done.

Let me quickly go on. Program targeting, that has been a question that has come up a good bit this morning. I think the committee bill may go a little far in targeting. Certainly, eligibility needs to remain the same way it is.

There may be a question in the committee bill as to eligibility and targeting being too tight. Obviously, I would make the same statements that a number of the witnesses have made.

You can go too far in dictating eligibility criteria in the bill. I am not saying the committee bill has, but it seems to me there is a danger of mixing those two things up. I would just suggest the committee take another look at it.

We certainly support the separating adult and youth programming into two titles the way that the committee bill has done. The questions this morning related to summer youth, it seems to me, boil down to a simple question.

First of all, the fact is that since this bill was passed, youth unemployment has dropped from 23 percent to about 14 percent. How should one take that into consideration?

It seems to me that it says that in good parts of the United States and maybe in your district youth can find summer jobs in the private sector, that have all the built in experience, supervision and all the rest that we look for to make for good work experience.

At the same time, we would agree with the committee that perhaps continuing some percentage set aside for publicly supported youth programming in the summertime is a desirable thing.

At the same time, again, the flexibility is what is important. There may be a number of areas in the United States where publicly supported youth programs in the summertime are no longer necessary and not only necessary but that the private sector provides more effective experience for youth in the summertime.

So I would suggest the committee may want to put a percentage limitation so that we cannot go back to the situation we have had in the past, particularly when the labor market is operating very, very well.

On program quality and accountability, on the performance standard system, it seems to us, Mr. Chairman, that by and large the performance standard system has worked very well.

We are concerned that we ought to continue the performance standard system relating to exemplary performance as well as using incentive funds for effective targeting. So both of those things it seems to us to be important and we would ask the committee to take another look at that concept built into your bill.

Let's continue performance standards to reward those who run exemplary programs as well as those who do an effective job of targeting.

Let me talk for a moment about capacity building. Unfortunately, the committee bill, it seems to us, goes in the wrong direction; that you are cutting back on the ability to build effective capacity in the JTPA system to do all the complicated things that we now are expected to do.

There ought to be more funds. Bill Struever and I served on the secretary's commission in looking over this. We all concluded unanimously that we need to spend more money building the capacity at the local level to deliver these programs well. It seems to me the committee bill goes in the wrong direction.

We had a lot of conversation this morning on coordination. Let me just spend a few moments on it. First of all, we certainly would support the committee bill that requires the Secretaries of Labor, Education and HHS to identify a core set of consistently defined data elements for employment and training programs.

As we see it, that is only a beginning. We would remind the committee that in the Carl Perkins Vocational Education Act you dictated that there be a state level human resources council to put all of these things together.

We thought that was an excellent thing that the committee did. We would suggest that you do it here as well. We think it is a very important element in achieving coordination at the state level. It ought to be in this bill as well as in the Carl Perkins bill.

Finally, on coordination, Mr. Chairman, I would ask you to take a look at the Administration's bill which was introduced by you, Mr. Gunderson, and Mr. Goodling. In that bill there is a five percent set-aside for grants for coordination to states based upon plans that the governors would propose in the Administration's bill to the Secretary of Labor.

Here again, all morning long we have heard about the lack of funds for JTPA and that certainly is the case. What we are trying to do, it seems to me, right across the board is get better utilization of funds not just in this system but in the welfare system, the education system, and all the other human resource systems.

We need to have common data elements. We need to have—the governors have a commission that goes right across the board. I think the secretary's five percent set-aside for this kind of thing would be very desirable.

One additional thing, it only says in the Administration's bill that the Secretary of Labor would have that responsibility. Again, it ought to require that the Secretaries of Education and HHS also be a part of that so they come to the table with their own flexibility and their own funds and we begin to build that kind of coordinated system across the board.

I realize I am out of time. Mr. Chairman, if I could make one last comment—there have been a lot of comments this morning on funding. I would point out to the committee that since this bill was passed, funding for this program has dropped 25 percent.

In other words, the effective inflation continues to drive you out of sight. So funding continues to be a problem. The commission that Bill Struever and I served on recommended that at least inflation proof funding ought to be made available for these increasingly important human resource investment programs, particularly JTPA.

So yes, funding is a problem. It seems to me, again, the committee has been very active on that front, and I would urge you to continue to be active.

Thank you very much, Mr. Chairman.

[The prepared statement of William Kolberg follows:]

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Jack W. Klepinger
NAPIC
Malcolm R. Lovell, Jr.
George Washington Univ.
Edwin A. Lupberger
Foreign Corporation
Jewell Jackson McCabe
National Coalition of 100 Black Women, Inc.
Ann McLaughlin
The Urban Institute
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The Kroger Company
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Foundation for Children with Learning Disabilities
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American Red Cross
John P. Singleton
Security Pacific Corporation
John E. Sloan, Jr.
NEIR
Joshua I. Smith
Marsma Corporation

TESTIMONY

OF THE

NATIONAL ALLIANCE OF BUSINESS

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR

UNITED STATES HOUSE OF REPRESENTATIVES

ON THE JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

(H.R. 2039)

SEPTEMBER 20, 1989

The National Alliance of Business is an independent, business-led, non-profit corporation whose mission is to increase private sector training and job opportunities for economically disadvantaged and long-term unemployed individuals by building and strengthening public/private partnerships of business, government, labor, education, and community-based groups.

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Mr. Chairman, I appreciate the opportunity to testify on the proposed Job Training Partnership Act Amendments of 1989.

I am William H. Kolberg, President of the National Alliance of Business. The Alliance is the only national organization led by and representing business in the specific area of job training, employment, and human resource development for the nation's unemployed and disadvantaged.

Mr. Chairman, I want to commend you on the legislation you introduced. The Job Training Partnership Act is a good piece of legislation, and it has been generally well implemented throughout our nation. But I think that all of us -- in the Congress, in the Administration, and those involved with the JTPA system -- agree that the Job Training

Partnership Act can be improved. Resources and attention can be better targeted to those most in need of services. More attention can be focused on ensuring that JTPA services provide the quality training necessary to move our unemployed and disadvantaged into the mainstream labor force. And the myriad of services provided to the disadvantaged -- through labor, education, and health and human services -- can be better integrated in order to ensure that they are both effectively and efficiently utilized.

At the same, time, two of the key principles of the original legislation, which have served us well, need to, and can be, preserved. These principles are: 1) significant private sector involvement within the JTPA system, and 2) a decentralized system ensuring substantial flexibility at the local level.

Private sector involvement ensures that training is geared toward available jobs within an area and is sufficient to prepare participants to meet local employers' expectations. It also provides a vital connection between the JTPA system and local employers, assisting job developers in linking JTPA graduates with available job opportunities.

Decentralization, providing some control and flexibility at the local level, enables localities to structure their JTPA programs and services to meet local needs and circumstances. Across our country, barriers to employment, resources, and job opportunities differ. A cookie cutter approach to employment and training cannot possibly meet every community's needs. I encourage you, Mr. Chairman, to maintain the flexible approach you have proposed in your bill.

The legislation you have proposed substantially moves us toward the objectives of better targeting participants, improving training, and integrating services, while retaining the

critical elements of private sector involvement and decentralization. I have a few suggestions for improvements, but I am pleased to see that we both want to move the system in the same direction.

PRIVATE INDUSTRY COUNCILS

Mr. Chairman, I would like to commend you for the stance you have taken regarding the private industry councils. The current composition requiring a private sector majority and representation from educational agencies, organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and the public employment service has worked well. Strict percentage requirements for the PICs would require localities to continually shuffle their members to stay in compliance, adding and subtracting members to compensate for any member retirements. Local areas would be forced into a numbers game, seeking members who would keep them in compliance, rather than those who would best add to their council's capacity.

In fact, our system of private industry councils has led the British to design a similar system, patterned on ours, but requiring even greater private sector involvement. The British are half way to establishing 80 Training and Enterprise Councils -- TECs -- which will have the responsibility of operating Britain's training and business assistance programs. Because of their interest in our endeavor, twenty of the 80 TEC chairs are coming to the Alliance's annual conference this year, scheduled for October 1 - 4, and Mr. Brian Gordon Wolfson, chairman of Britain's National Training Task Force, will be speaking before our 2,500 expected conference attendees. I think that we should take pride in the fact that the United States was first to try this experiment of partnering the private sector with the government in human resource development programs, and that the experiment has been so successful that it is being replicated in other countries.

PROGRAM TARGETING

Mr. Chairman, I would like to commend you on the approach you have taken toward targeting JTPA program services. Your proposal retains local flexibility while still focusing attention, resources, and planning efforts on those harder-to-serve individuals most in need of JTPA services. Flexibility is critical for two reasons. First, substantial differences exist among communities in the percentage of eligible individuals they have from targeted populations; too restrictive targeting could not possibly match all the differing circumstances existent throughout the country. Second, legislation should be flexible enough to adapt to changes in the economy; unemployment rates, labor force skill levels, and labor force skill needs are not stagnant, and targeted populations are likely to shift over time.

While I do commend your overall approach toward targeting, I would like to suggest a few principles you should use to guide any changes you might consider.

1) I feel, as did the entire JTPA Advisory Committee on which I served, that the issues of eligibility and targeting should be clearly separated in the legislation in order to avoid any legal challenges arising from concern over the validity of various basic skills tests. Eligibility should continue to be based on economic disadvantage, and targeting should steer the JTPA system toward serving eligible individuals with barriers to employment. Your legislation seems to establish targeting as a component of eligibility. I think that this should be changed.

2) It is also important that the targeting not be drawn too tightly. Both the list of targeting criteria and the percentage of JTPA participants required to meet the

specified criteria must be flexible enough to encompass the existing variations in population characteristics around the country, as well as any temporal changes in the economy. You might want to consider adding school dropouts and ex-offenders to your list of targeting criteria for adults; and welfare dependency, basic skills deficiencies, and juvenile offenders to your list of targeting criteria for youth. Even these additions may not be enough to match the targeting needs in midwestern or rural areas. Our organization would be happy to work with you to develop a list of targeting criteria that could adequately account for variations in the characteristics of at-risk individuals across the nation.

3) I like the approach you have used to target services on harder-to-serve youth without being overly prescriptive and undermining necessary local flexibility. It is probably less important, however, to put emphasis on the distinction between in-school and out-of-school than on need factors, such as skill deficiencies, dropouts, welfare recipients, etc. Whether youth are in or out of school is not as relevant to their need for services as whether they have skill deficiencies or other barriers to employment.

SEPARATING ADULT AND YOUTH PROGRAMMING

I support your decision to separate adult and youth services into separate program components. The separation facilitates the establishment of different and more appropriate funding distribution formulas and targeting criteria, as well as an emphasis on different and more relevant service strategies.

However, I think that it is more important that the year-round youth component be integrated with the summer youth component. I understand your support for the summer

youth program, and do not want to suggest that it be abolished altogether, only that the JTPA legislation allow localities the flexibility to determine the most appropriate use of youth money in their communities.

In many areas, there is no shortage of private sector summer employment opportunities for youth. In these communities, public money would be better spent leveraging private sector jobs than directly funding public sector employment. For example, some service delivery areas use JTPA administrative funds to organize summer job fairs, creating a convenient forum youth can use to access private sector jobs. In this way, a small expense in public money results in more youth being employed.

I suggest that your Titles II-B and II-C be combined, and that a limit be set on the maximum percentage of funds localities could spend on summer employment programs for youth. This would allow local areas to operate summer youth employment programs in communities where they are needed, while allowing other areas to spend funds on more comprehensive youth services in communities where there are already sufficient private sector summer employment opportunities for youth.

Local flexibility would also allow communities to react to changes in labor market conditions. Since 1982, unemployment for youth aged 16-19 has fallen from 23.2 percent to 14.5 percent nationally. As conditions change, flexible legislation would allow communities to either expand or contract their youth summer employment programs as appropriate.

PROGRAM QUALITY AND ACCOUNTABILITY

All of us involved with the JTPA amendments process -- from those of us who served on the Department of Labor's JTPA Advisory Committee, to you in the Congress, and those in the Administration -- are dedicated to improving the quality of the JTPA program. While there are many levers that can be used to affect quality, there are only three which I would like to address today.

First, the performance standards system. Performance standards are the key to maintaining program accountability, and thus ensuring program quality. They clarify for localities the outcomes expected from their programs, and they (in theory) serve as the basis for providing localities with incentives for achieving those outcomes.

I support your proposal to add "the attainment of basic education. . . or employability enhancement skills necessary for successful entry into the job market" as an appropriate factor on which to base adult performance standards. While the ultimate goal of JTPA for adult participants must remain the placement and retention of adults in jobs, it is also valuable to measure adults' skill gains. As part of ensuring quality training, we must ensure that adult participants' skills are increased enough to qualify them for good jobs at good wages.

I also support reducing the power of the existing cost standards in order to reduce their disincentive for quality training. However, instead of eliminating the requirement for cost standards altogether, I recommend that the standards be retained, but that states be prohibited from providing service delivery areas with financial rewards for exceeding the standards. Costs must be measured and reported in some form in order to guarantee that service delivery areas focus on program efficiency; removing the financial incentive

attached to the standards will prevent the SDAs from over-focusing on program efficiency to the detriment of program quality.

As I implied earlier, in order for the performance standards system to be effective, it should provide service delivery areas with an incentive for meeting performance objectives. Therefore it is necessary that incentive funds be attached to exemplary performance. While I support your desire to link incentive funds to effective targeting on hard-to-serve populations, I suggest that incentive funds be attached to both effective targeting and exemplary performance.

Second, capacity building. One of the major recommendations coming out of the Department of Labor's JTPA Advisory Committee was a commitment to capacity building within the JTPA system. Currently, JTPA devotes six percent of adult and youth year-round program funds to incentive awards and technical assistance. Your legislation would cut this in half to only three percent.

I concur with the Advisory Committee that program services can only be improved within JTPA if more attention and resources are focused on building the system's capacity. At least six percent of adult and youth year-round and summer program funds must be devoted to technical assistance and incentive awards.

Third, coordination. The Job Training Partnership Act has limited resources with which to meet very broad needs. Integration of JTPA with related program services targeted to similar populations should enable the JTPA system to be more effective and efficient in the delivery of services.

I support your proposal to require the Secretaries of Labor, Education, and Health and Human Services to "identify a core set of consistently defined data elements for employment and training programs." Such consistency should facilitate the more effective use of resources among a variety of employment and training programs.

I would also encourage you to incorporate the expanded state human resources policy council, which you first introduced as part of your legislation (H.R. 7, as passed by the House) amending the Carl D. Perkins Vocational Education Act, into the JTPA legislative amendments. One body responsible for overseeing the adult education, vocational education, vocational rehabilitation, public employment service, and Job Training Partnership Act programs could be very effective at promoting coordination at the state level. (I recommend that your legislation also include within the council's area of review responsibilities appropriate to the JOBS program authorized under the 1988 Welfare Reform Act.)

I know of at least a half dozen states that have already taken the initiative to establish broad-based human investment councils to coordinate a variety of human resource programs in their states. These councils have served to enable clients, assessed of needing a variety of services which no single program can provide, to access the range of existing services in a community, including education, social services, training, and employment. These half dozen states are proving that the way to facilitate the necessary client access among human resource programs is to establish a forum for the relevant departments to join together at the state level, plan together, and begin to think about how their various program services should interrelate. This concept of coordination and integrated services is an important one to reinforce in legislation amending JTPA.

I also recommend that you adopt the program of state innovation and coordination grants proposed by the Administration and adopted by the Senate Committee on Labor and Human Resources. By requiring states to establish human resource goals, describe specific activities for achieving those goals, and describe cooperative arrangements for implementation in order to receive the grants, this program would promote coordination among a wide variety of human resource development programs, including state education, employment, welfare, and social service agencies.

In order to bring about long term state level coordination, I recommend that you require not only the Secretary of Labor to review the states' grant applications, but a council of Secretaries from the Departments of Labor, Education, and Health and Human Services. Since the purpose of the grants is to leverage coordination among programs supported by all of these departments, it would be valuable for the other Departments to be involved in reviewing the grant proposals.

While it would be unproductive to micro-manage coordination at any level of administration, I feel that a great deal can be done at the federal level to both require and encourage coordination at the local, state, and federal levels.

CONCLUSION

Mr. Chairman, I want to thank you for inviting me to testify at today's hearing. I am convinced that all of us are working towards the same goals: better targeting of participants, improved program quality, and an integrated system of services. I am equally convinced that these can be attained without sacrificing the existing private sector participation and local flexibility which have served us all so well, and I am

encouraged that you too are dedicated to maintaining these program features within JTPA.

I or my staff would be happy to provide you with additional information as you continue to work on this legislation. I would be pleased to answer any questions you may have now.

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Mr. BARTLETT. Thank you, Mr. Kolberg.

Mr. Struever?

Mr. STRUEVER. I am chairman of the Baltimore Private Industry Council. I am here representing the National Association of Private Industry Councils. I serve on their board and also, as Bill mentioned, was a member of the JTPA Advisory Committee for the Secretary of Labor.

I will focus quickly on the four issues raised in the letter you sent us requesting our testimony on targeting the separate adult youth titles, program quality and the performance standards.

My perspective comes as a builder developer in Baltimore City where I see firsthand the need for workers. We deal particularly in industrial real estate. We have a couple million square feet of projects underway right now in daily, working with business owners, on the big issue of whether to expand, where to expand, and see a great opportunity for cities.

You heard the Mayor of Minneapolis talking about—and I am sure you would not do this back home in front of a business group—about the cities going down the tubes, but the fact of the matter is that cities, even great cities like Baltimore, are really in big trouble and on the way downhill.

The opportunity before us, however, is that rising suburban land costs and high housing costs could combine with growing labor shortages that the demographics we have been talking about are driving, really create a big chance for us in older cities to attract and keep business, taking advantage of our available labor pool.

So we have a chance of jobs for all who are ready and able to work. That becomes the challenge that Rob Ivry talked about of the ready and able part. Therefore, we fully support the increased emphasis on targeting that is in your bill.

Particularly, we believe that means basic skills development. With that, when you are talking about welfare people and dropouts and people just coming out of prison, people cannot read and write and do not know what jobs are all about, they are not going to be effective and long term employees in the private sector.

With that comes money because if you are talking about targeting and people that need the help the most, you are also talking about increasing capacity to provide basic skills. It is shocking to me as a businessman how little we invest in adult literacy in America and even in our great State of Maryland and in the state of the art of our literacy services.

Also, if you are talking about targeting, you are talking about support services. Welfare people, by definition, have families, have kids. You are talking about child care. A big obstacle we are finding is that many of our smaller and medium-sized employees do not provide medical insurance starting out for workers.

So the lack of medical benefits is becoming a major barrier for people coming off the welfare roles and onto our payrolls. So targeting is great, but you are talking dollars if you really want to make something happen with those folks.

The second area in the separate youth title, I believe that this is a logical move to increase this focus in America on basic skills. The real job that we are all about in Private Industry Councils is keeping young people in school and getting dropouts back into some

kind of basic skill program before we are really going to be able to do the job of getting them onto our payrolls.

So, therefore, some kind of flexible comprehensive year round youth program where we, in the private sector through PICs, can work closely in partnership with schools is essential. NAPIC is a big believer in business school partnerships as is NAB, and in particular, believes that PICs have something special to offer to this partnership. First of all, the summer; schools do not deal with summers.

You look at all the research out there that this gap of what goes on in summers is a big part of the difference between middle class kids who do well in their lives and poor kids from the neighborhoods of West Baltimore who do not. We have to deal with the summers. We have the resources and ability to work with schools on that.

Second, we deal with the whole family. If the average kid in first grade in inner city elementary school in Baltimore has—95 percent of them have one parent at home and the average age of that parent, a first grade parent, is 20-years-old, you have to deal with what is going on at home.

PICs are in the position to work with schools on this kind of comprehensive family effort. I believe that JTPA programs are flexible and we are experienced at alternative programs and can work in partnerships with schools on, I think, one of their biggest weaknesses.

We also bring the whole career and job picture to the table. Finally, we are results oriented. I think that the whole performance standard effort of JTPA has made the kind of accountability we are all talking about with public school system, basically our whole mode of operation. We are used to that. We can really help schools turn around on that. Finally, we bring the private sector to that.

One last issue on program quality, I think that means investing in building capacity. The state of the art in Maryland, we took a lot of time looking at what was going on in adult literacy.

We found that in many places the sophistication level was at the chalkboard stage. We need to invest in R&D. We need to invest in the people out in the front line dealing directly with the welfare people and dropouts in training them.

I think that means some flexibility on the administrative level so that you can do the kind of upgrading and training and research to accomplish that.

Finally, on the performance standards, basic skills we believe are a key goal but we believe that must be seen as an intermediate goal. JTPA is not a social service program, but we are in the business of being a self-sufficiency program so that jobs have got to be the bottom line.

I think when you talk about costs and cost-per-placement and all that kind of stuff, that the Inspector General was talking about, we have got to—and I am delighted that you brought up the issue of what are we all after and the results that we are after—get people into productive employment. Let's not forget that.

So NAPIC would be delighted in working with you as you finish putting this bill into action.

Thank you.

[The prepared statement of William Struever follows:]

NATIONAL ASSOCIATION OF NAPIC PRIVATE INDUSTRY COUNCILS

STATEMENT OF

C. WILLIAM STRUEVER

ON BEHALF OF THE

NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR

UNITED STATES HOUSE OF REPRESENTATIVES

ON THE

JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

(H.R. 2039)

SEPTEMBER 20, 1989

Suite 800 1201 New York Avenue, N.W., Washington, D.C. 20005 Telephone 202/289-2950

Thank you Mr. Chairman and members of the Committee. I appreciate the opportunity to testify on H.R. 2039, the "Job Training Partnership Act Amendments of 1989," as well as other bills to amend JTPA that are pending before the Committee.

I am William Struever, Chairman of the Baltimore Private Industry Council in Baltimore, Maryland. I am appearing today on behalf of the National Association of Private Industry Councils (NAPIC), on whose Board of Directors I serve.

NAPIC is the only national membership organization speaking on behalf of and serving the nation's Private Industry Councils. Our membership includes some 410 PICs and several state job training coordinating councils (SJTCCs).

I want to commend the Committee for its leadership in working to ensure that the Job Training Partnership Act remains an effective, locally planned and administered program. In particular, Mr. Chairman, we applaud your efforts over many years to develop and maintain a viable working partnership between the business community and other key sectors including public officials, organized labor, education and community based organizations.

We in the PIC business-volunteer effort have debated for some two years now whether JTPA needs to be amended, and if so in

what ways. Our discussions always highlight the aspects of JTPA that are fundamental to its success, and which need to be preserved. Among the principles incorporated into JTPA that are key to local business support are: (1) a decision-making role for the private sector in planning and overseeing job training resources through Private Industry Councils, (2) sufficient flexibility at the labor market level to allow for the design of programs responsive to local needs and priorities, and (3) a performance system that values outcomes (job placement, retention, wage rates) rather than process. We believe your proposed legislation is true to these principles, and encourage you to retain them in your bill.

At the same time, we see areas of JTPA where improvement is possible. PICs need to do a better job of targeting services on those who will remain substantially unproductive and outside the labor force if assistance is not provided. PICs need to learn a great deal more about how best to assist the most-in-need and we need an arsenal of services appropriate to the task. And, most important from the PIC perspective, we need to do a much better job of coordinating or integrating the various services and programs available to the disadvantaged.

Mr. Chairman, PICs recognize that job training must respond to changing needs among target groups, as well as changes in the workplace that will continue to increase the reading, math,

problem solving and communication skills necessary to obtain and retain most good jobs.

JTPA is under review in Congress and was the subject of an intensive review by a special advisory committee established by the U.S. Department of Labor. These attempts to chart the future course of federal job training investments are important and necessary. In fact, NAPIC is encouraging PICs to perform similar examinations of their work at the SDA level. After all, a changing client group and a changing workplace warrant reexamination of priorities at the local level where an effective refocusing must ultimately take place.

I was a member of the national JTPA Advisory Committee convened by the U.S. Department of Labor. The Committee included six business representatives overall (four PIC members and two state council chairs). Therefore, I think it fair to say that both a PIC perspective and a private sector perspective are reflected in the final report.

You have received this report, **Working Capital: JTPA Investments for the 90's.** It sets out a comprehensive proposal for strengthening job training through better targeting of services and resources, intensified investments in training, clearer program performance measures and capacity building among staff and policy making bodies that undergird job training.

An examination of H.R. 2039 demonstrates that you have come to similar conclusions in your review of JTPA, Mr. Chairman. In fact, it is interesting and encouraging, as we review the proposals from the Administration, various members of Congress, the Advisory Committee, and other groups, to observe the substantial areas of agreement concerning goals, objectives and even many of the service components for a job training system in the 1990's.

JTPA has accomplished a great deal since its enactment. But changing economic and demographic circumstances suggest that new directions and clarifications of purpose should now be considered. And, while we might continue to debate the successes and shortcomings of JTPA, it seems more appropriate to address the message of the Workforce 2000 reports and get about the business of adjusting JTPA to effectively and efficiently respond to emerging workforce issues.

PRIVATE INDUSTRY COUNCILS

As you noted in introducing H.R. 2039, the public/private partnership, central to the approach of JTPA, has worked in most service delivery areas. We agree. But we also believe that Private Industry Councils need continued support as they evolve into labor market institutions that can plan, coordinate and/or

oversee the variety of human resource investments made in their communities by all levels of government, as well as the business and nonprofit sectors. NAPIC is committed to the continuing task of developing PIC capacity, as are the National Alliance of Business, many private sector firms, and many public sector agencies. Federal legislation also should encourage this development.

It is important to note that employment and training experts from dozens of nations have been visiting our PICs of late to learn how a system based upon partnership with the private sector might provide insights into developing a more efficient and effective, demand driven job training system in other places. The United Kingdom is in the process of establishing labor market institutions modeled on our PICs. Just as we have learned a great deal from European models of labor market planning in the past, other nations are beginning to learn useful lessons from our decade of experience with PICs.

In this regard, NAPIC strongly supports the current JTPA statute concerning PIC composition. We are pleased to note that H.R. 2039 retains this language.

PIC composition was fully reviewed and carefully crafted in the original JTPA legislation. The success of the existing formulation is reflected in the tens of thousands of business men

and women who serve or have served on PICs, the strong partnership that exists today between PICs and local elected officials, and the active support that PICs receive from their non-business membership including educators, organized labor, community based leaders and public sector administrators.

Proposals that would set specific percentage requirements for various categories of membership divert the system from the real development challenge -- getting community leaders to actively serve on the PIC -- to a compliance exercise that would emphasize a numbers game over leadership and participation.

The Administration has proposed that a welfare representative be added to the list of required PIC members. NAPIC has supported this modification. At the same time, however, we find that a significant number of PICs already have welfare agency representation; indicating that a sensible proposal such as this one is generally adopted by PICs whether mandated or not.

STRUCTURE OF THE YOUTH PROGRAM

NAPIC supports dividing adult and youth services into separate program components as H.R. 2039 would do. We believe that a year-round youth program with a strong, identifiable summer program component would be ideal. In our view, this objective can be achieved through a variety of structural

approaches including separate titles, parts and subparts.

However technically accomplished, the key to a year-round program is that it must provide PICs the authority to establish an appropriate mix of year-round programs for in-school youth, on-going, educational and vocationally directed programs for dropouts and high school graduates, and stand alone, summer job placement and remediation programs.

Many PICs question the current JTPA youth structure that requires spending over half of the local funds earmarked for youth services during a relatively short summer period. The current structure mitigates against developing the longer intervention strategies that many disadvantaged youth need. In addition, the structure fails to account for the many places that have experienced a significant demand among private sector firms for youth during the summer.

The existing summer program as structured is too static. PICs would suggest a youth program structure that provides greater local authority to devise a mix of investments among year-round and summer programs so as to better respond to the needs of at-risk youth and to summer job demand in the private sector.

At the same time, we want to be clear that PICs support the

continuation of an identifiable summer program. If there is concern on this point, H.R. 2039 could assure a summer jobs effort through very specific planning requirements or by setting ceilings and floors on expenditures during the summer.

Summer is a critical period for keeping young people on a productive path; therefore, we are confident that summer activities will remain at a high level even if PICs have greater authority to program funds on a year-round basis. At the same time, we believe that PICs will use their youth funds to maximum efficiency if given greater flexibility to plan on a year-round basis.

CLEARER TARGETING

The underlying premise in the proposals to amend JTPA is that we need clearer targeting of resources, clients and services. One lesson of the past is clear: the JTPA system will benefit from a more precise articulation of goals among and between Congress, the Department of Labor, states and SDAs.

American business increasingly recognizes that our education and job training systems must put special emphasis on those deficient in basic skills, including communication and problem solving skills. PICs have begun to focus more precisely on these deficiencies among the economically disadvantaged, and we support

your efforts to make this a clearer expectation of the JTPA system.

NAPIC formed an "Urban PIC Task Force" last year to look at several issues, including that of who is being served. The Task Force found that urban PICs have moved decisively to serving a harder-to-serve population both as a policy choice and a practical matter -- in urban areas our economy has absorbed most of those who are even marginal skills and want to work.

Of course, the economy is neither robust in all SDAs nor for all times in any SDA. Consequently, national legislation must provide flexibility along with targeting goals. In our judgment, your proposal to target 50 percent on those with at least one defined barrier to employment strikes an appropriate balance between local flexibility and national direction. NAPIC supports these provisions in both adult and year-round youth programs.

We recommend, however, that you expand the list of barriers to include other major impediments to productive workforce participation. We would be pleased to meet with your staff to suggest additional barriers.

A second form of targeting is contained in your provision to serve at least 50 percent out-of-school youth in the Part C Youth

Services. As you might expect, we would prefer that this targeting be expressed as a goal to be addressed in the local planning process. In this manner, PICs and local elected officials would have to determine local needs and set priorities within legislative goals. If the SDA saw a need to divide services in a different fashion, the Governor could be given the authority to approve variances to these goals.

However, if you determine to maintain this provision as a strict compliance requirement, we respectively recommend that the requirement be placed upon expenditures rather than participants. Guidelines based upon participation will prove difficult to manage as proposed in H.R.2039. Experience suggests that in-school services will be far less expensive for two reasons: (1) PICs are able to leverage education and other resources to help pay for the programs and (2) the programs tend to be less intensive because in-school youth also are participating in regular school programs. As currently drafted, your provisions concern us because in-school programs might have to be restricted in size in order to comply with participation percentages among out-of-school populations.

The other major form of targeting in the bills before the Congress is in the consequences of various allocation formulas. The development of an equitable formula will be left to the Congress; but we want to share a few concerns as you address the

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issue.

First, training requires investment in infrastructure that cannot easily be turned on and off on short notice. Therefore, year-to-year funding stability is important. Certain formula factors, such as "excess unemployment," create wide year-to-year funding swings because they trigger on and off from year-to-year in SDAs. Yet the population eligible for JTPA will normally change very little from one year to the next.

Second, determining allocations at the national level would produce similar allocations for similar SDAs because the effect of "repooling" at the state level would be eliminated.

Third, we believe that a greater emphasis on the eligible population (the economically disadvantaged) coupled with general unemployment will result in a more stable and publicly understandable allocation of resources, provided concerns about the adequacy of disadvantagement data over time can be resolved.

Fourth, any new formula should be examined carefully to be sure that it does not encourage current SDAs to break into smaller units in order to obtain additional funding. Factors such as "excess disadvantaged" should be examined to see whether all areas qualify, and, if not, provision for subarea SDA allocations should be included in the authorizing statute.

Finally, any change in the allocation formula should be phased in over a period of years so that no SDA is unduly penalized in the short-run.

IMPROVING PROGRAM QUALITY

When all is said and done, it is program quality that should be a top priority from the U.S. Department of Labor down to the local PIC and SDA. Issues of legislative structure, program governance, targeting and the rest are resolved to no purpose if we fail to provide a quality product for both the participant and the employer community.

The primary federal mechanism for promoting program quality is the system of performance standards. We support the efforts already underway to enrich performance standards with measures of job retention and earning gains. From an economic perspective, PICs need to concentrate on these longer-term results.

We are concerned, however, about the effect and message of adding improved competency levels to the adult performance standards. Business understands the need to improve basic competencies among the adult population and we support your intentions in this regard. However, in our view, a competency measure for adults should be an intermediate measure rather than

an outcome measure. Business support for JTPA is strong because the objective of the program is clear. If PICs do their job, participants will increase basic competencies where necessary and obtain (and retain) employment at a competitive wage. We need to have educational goals for adult participants but they should not be viewed in isolation from our primary goal.

One method of improving the performance system is to eliminate incentives based upon cost factors. H.R. 2039 would eliminate cost factors altogether. In our view, it would be wiser to retain the cost standards but to prohibit their use in the incentive and sanction process. In this way, PICs would continue to view efficiency as a goal, but not at the expense of program quality.

It is also our view that incentives should be based both upon services to hard-to-serve populations and the capacity to exceed performance standards. PICs need to address both goals if the incentive system is going to promote program objectives. To reward service levels without rewarding placement would be to reward process (enrollment) and ignore outcomes (placements). As the Committee will agree, the goal is to increase both services and positive outcomes for the most-in-need.

The second legislative method for improving quality is commonly referred to as capacity building. The JTPA Advisory

Committee addressed this point at length; and NAPIC agrees with their conclusions and recommendations. Specifically, we encourage you to consider increasing the incentive and technical assistance funds from the three percent contained in H.R.2039 to an amount approximating the six percent in current law.

A third legislative area for improving quality is through program coordination and integration requirements and incentives. As noted earlier in our testimony, we believe that PICs are the key local institution to promote improvement in this regard.

At the state level, NAPIC supports your proposal for a state human resources council as contained in your amendments to the Carl Perkins Vocational Education Act (H.R. 7).

Furthermore, we wish to express support for stronger incentives to states to implement coordination and support innovation. The Administration's proposal as adopted by the U.S. Senate Committee on Labor and Human Resources would be a step forward. We encourage the Committee to consider this or similar mechanisms for promoting progress on this critical front.

MISCELLANEOUS COMMENTS

NAPIC is concerned that JTPA eligibility be separated from targeting goals. As H.R.2039 is drafted, we believe that

eligibility will be based in some cases upon standardized test scores. This could open our eligibility process to a host of legal challenges that would serve no purpose. Targeting to those with barriers should be a compliance issue for the SDA and PIC, not an eligibility criteria for discreet individuals. The JTPA Advisory Committee discussed this matter at length and came to the same conclusion.

We support the inclusion of "employment generating services" as contained in Section 204. Programs funded under this provision are used primarily in economically depressed rural areas and small cities where job expansion is as important to placement as education and job training. Programs such as small business incubators and procurement centers seek to develop new jobs for the eligible population by expanding the local job base. In most cases, JTPA is one of several small funding sources that make the project possible.

NAPIC supports the continuation of fixed-unit-price contracts. While there have been problems in the implementation of the process, we believe that the current regulations from the U.S. Department of Labor have taken care of those problems. When correctly operated, management through paying for results, not process, is a principle that promotes efficiency and attracts broad business support for our programs.

Finally, Mr. Chairman, we wish to express support for your proposal to increase the maximum amount that may be used for administrative expenses and supportive services. While current law requiring that at least 70 percent of local funds go toward training has been a powerful message to gain support in the general business community, the simple fact of the matter is that we cannot effectively operate a job training program for high need populations under the current 15 and 30 percent limitations.

CONCLUSION

In summary, NAPIC believes that JTPA has been a successful program that can and does respond to the priorities of Congress and the Executive Branch. Business support of and service on private industry councils has been one important reason for the impressive accomplishments of JTPA. The partnership between PICs and local elected officials has matured and represents a unique opportunity to advance long-held goals of better coordination of related education and training programs. But additional national support for strengthening the PIC institution to take on new roles would appear timely.

PIC volunteers are proud to endorse JTPA to their colleagues because it is a job training and placement program. But we recognize that a job training program in the 1990's is an education program also. As traditional sources of new workers

erode, employers will increasingly need to reach out to the less qualified to fill entry level positions. PICs need to provide basic education services -- reading, writing, computing, problem solving, etc. -- as well as a knowledge of workplace expectations, so that these new workers can meet the rising skill requirements of the workplace.

NAPIC looks forward to working with the Subcommittee in developing strategies, programs and resources that transforms our shared vision of a productive job for everyone who wants one into reality.

Mr. Chairman, thank you for inviting NAPIC to comment on your proposed amendments. We look forward to working with you further on the issues raised. This concludes my remarks. I would be happy to answer any questions.

Mr. BARTLETT. Thank you, Mr. Struever. Mr. Henry?

Mr. HENRY. Well, Mr. Chairman pro tem.

Mr. BARTLETT. Semi-chairman, pseudo chairman.

Mr. HENRY. I would to note, because I think it is very important, two panels back, our two mayors, our local program administrative from Oakland County, and the representative of the Governor's Conference expressed some concern about legislative language which is overly detailed and impinging on the flexibility of the PIC composition.

In your abbreviated comments, neither of you mentioned what is in your written testimony in both cases, the danger of detailing rigid percentages for PIC councils. I would just like to have that in the record. Thank you.

Mr. BARTLETT. Thank you, Mr. Henry. Mr. Peterson, returning to the performance-based contracts, let me turn to page six and make sure that I understand the words that you are using.

First of all in that paragraph, as far as your recommendation, I do understand that you are not proposing that performance-based contracts be abolished all together. I have two questions.

As I understand, are you proposing that performance-based contracts be abolished for government agencies or nonprofits?

Mr. PETERSON. Yes, we are.

Mr. BARTLETT. And left only for for profits?

Mr. PETERSON. That is correct.

Mr. BARTLETT. Second, in your language in which you discuss contracts include provisions for cost and price analysis, are you proposing that the PIC or the contractor go back to an agency contract at the conclusion of the year and audit their costs rather than their performance and take away money if their costs were higher than what you or the contractor thought it should be? Or are you simply assuring an audit based on performance; did they do what they said they were going to do at that price?

Mr. PETERSON. Well, I think we are talking about two things here. We are talking about first ensuring that the cost and pricing data is developed from the historical information, and in fact, is legitimate.

So if they say they are going to price an instructor out at 25 dollars an hour, we do not get an instructor that is priced out at three dollars an hour. We want to ensure some up front controls over this contracting mechanism that ensures the cost and the outcomes are legitimate.

To the extent that you are unable to send an auditor in each time a fixed unit price contract is being negotiated, to do that up front, we are suggesting that there be a provision for defective pricing that would allow us to after the fact, if we had a reason to believe that the pricing was not based on historical costs, that we would have the ability to go back in and take a look at that to make sure that what we have paid for was legitimate.

Mr. BARTLETT. Mr. Peterson, if——

Mr. PETERSON. To include, by the way——

Mr. BARTLETT. If what the SDA contracted to get was X number—85 job placements for X number of dollars per job placement and a particular retention rate after so many months or years, and if that SDA got that, if they got the training as meas-

ured by the outcome of the training and if they got the placement and if they got the retention, you are suggesting in addition to that that we audit their costs and take away money if their costs were too low. Is that right?

Mr. PETERSON. Well, let me set up a situation for you, sir.

Mr. BARTLETT. I just set up a situation for you and wondered if that is what you meant.

Mr. PETERSON. I am going to play your game. Let's play. Let's assume that that training required $100 and we paid them $400. Now what would you want to do?

Would you want to allow them to have the additional 300 dollars that was unnecessary to get that placement; or would you want it to be auditable to take you back to what was legitimate?

I think, sir, that you and I would want to get what was legitimate. What we are suggesting here is a structure that allows us, the program administrators and the Congress, taxpayers, to assure that they got what they paid for.

Mr. BARTLETT. Mr. Peterson, I think I understand our disagreement. I believe what the government is attempting to pay for is a worker that has achieved a certain skill level and has been able to use that skill level in the marketplace.

So if the training contract was for a tool and dye cutter and that tool and dye cutter was then able to be trained in 100 hours to reach a skill level as measured by some objective outcomes, and was able to obtain a job at an objective 15 dollars an hour if that was the test that was placed on it, and then that tool and dye cutter then went out and got himself a job, I am not certain that I want to require that individual to stay in school for an extra 300 hours because he did better than what the Department of Labor thought he should be able to do.

Mr. PETERSON. I do think, sir, that you would still want to know that what you paid for was legitimate.

Mr. BARTLETT. Correct. What I want to pay for is that skilled person who is able to then be employed at some objective outcome level. Perhaps we are saying similar things.

Mr. Struever, do you have a comment on that performance-based—would you have us go back and audit the costs with an eye towards recapturing some of the——

Mr. STRUEVER. I think that on the performance-based contracting issue, one thing to go back, as you mentioned the CETA program, Baltimore was a pioneer in performance-based contracting way back even in the old CETA days. We were great believers in it.

We believe you can build controls into the performance-based contracting system that ensure the kind of quality and follow through of services that you are talking about. If there are problems in how that is administered, then we should deal with that. It is not a problem per se with the concept of performance-based contracting.

Again, I think we feel so strongly as far as the way the basic JTPA system works at the local level in allowing the PICs to go to whoever provides the service in their community most efficiently and effectively to do the job at hand, getting people into a job as the end result.

Therefore, that means that if we have to have incredibly tight reporting requirements every time a contractor wants to hire an instructor or buy some new equipment, then I think we are going to lose a lot of the interest that we have had, I know, in our community in providing exciting creative employment and training programs.

So we hear and understand the concerns the Inspector General has raised. We believe that the Department of Labor regulations, as proposed, can really address those concerns within the context of keeping——

Mr. BARTLETT. So, Mr. Struever, do you believe that the Department of Labor regulations have handled whatever problem there was, and we should or should not extend statute further than that? Should we make changes in the statute that go beyond what the Department of Labor's regulations have already done?

Mr. STRUEVER. No. My understanding is that—and I should talk to our staff more about this—there is a lot of work that went in the negotiations, really, over the last two years on those proposed regulations. I believe that that is an effective compromise.

Mr. BARTLETT. One other question, Mr. Struever: Do you think that there are some things in the Department of Labor regulations that if you were in our shoes up here you would change that went too far?

Mr. STRUEVER. Yes. We are—again, speaking from my immediate knowledge in Baltimore City and working with our program directors—concerned that even as proposed, the DOL regulations are going to be overly restrictive and are going to limit our flexibility.

Mr. BARTLETT. Assuming that the Chairman will agree, I am going to hold the hearing record open. If you could get us a list of those to examine of those areas of the DOL regulations that you would change, because that is what the reauthorization is for, do you have any of them off the top of your head currently?

Mr. STRUEVER. No, I would have to get back to you on that.

Mr. BARTLETT. If you could send that to the committee and also to my personal attention.

Another question for Mr. Peterson, Mr. Kolberg, and Mr. Struever may also have a comment—I want to be certain that I understand the allegation—do any of you have any—Mr. Ivry also—do any of you have any indication that there is a systemic difference in the issue of—and what does become a problem occasionally—of skimming, that is of serving only the easy-to-train employees, that there is a systemic difference in the incidence of skimming between performance-based contracting and cost reimbursement contracting?

Is there any indication that there is—does it happen in both or does it happen only in performance-based contracting or how would you characterize it?

Mr. Peterson?

Mr. PETERSON. We have done no work to suggest that there is. What we, of course, know is that there is greater incentive in the fixed unit price contracting.

Mr. BARTLETT. Mr. Peterson, you do not understand government agencies very well.

Mr. PETERSON. Excuse me?

Mr. BARTLETT. You do not understand government agencies very well. There is the same incentive. If a government agency can skim and show higher numbers, then they get more money on their contract next year. They may not call it a profit; they may call it more employees, higher salary, larger office space, but they still get a lot larger contract.

Mr. PETERSON. I am sure that there is that incentive, yes. We have not—I have not done any work that would suggest clearly to me whether or not it is a greater problem with fixed unit price contracting.

Mr. BARTLETT. So, should we, on this committee, assume that in the absence of evidence to the contrary, that when someone raises the skimming argument, that that skimming argument relates to the system as a whole or the skimming problem happens in the system as a whole and is not related to the performance-based versus the cost reimbursement?

Mr. Kolberg, do you have a comment?

Mr. KOLBERG. I believe the skimming argument relates to the system as a whole. I am not saying I agree with it, but if there is such an argument, it seems to me it does not have anything to do with the way local organizations are going ahead in their contracting business.

Mr. BARTLETT. Mr. Struever, I have a question on a different subject for you. One of the things that the IGs testimony does demonstrate to us is—I think it is accurate and clear—there is some apparent need to build in an additional accountability all the way down to the agency level and back upstream.

One of the statistics that I saw that is somewhat bothersome is that in the statute we provide that a governor shall close down a PIC or take a PIC away from local control if that PIC is not performing according to objective measurement standards that had been published.

No doubt there are PICs in this country and in the state of Texas that have worked well and there are some that have been failures. My question of you is, what is it about that law that says that a governor shall—let me read the words to you—"a governor shall impose a reorganization plan if the performance standards persist for the second year," that it caused it to never be acted upon by any governor so far as I know—and I know that most PICs do a good job, but there are some that do not.

There are some that, there is no doubt in my mind, that their lack of meeting performance standards have persisted for the second year but no governors have ever used that.

What can we do to strengthen that?

Mr. STRUEVER. With any locally managed, flexible program—and you have approximately 650 PICs across the country—you are going to have a wide degree of success and quality in programs.

I think that the real need and the cutting edge on this is capacity building. There are weak PICs and there are weak SDAs out there. There is a need at both the state level and the local level to be able to invest in improving the quality of programs and of the management structure.

I represent NAPIC and would be the first to admit that among our members there are PICs that need help in terms of recruiting

top level public and private sector members, in terms of educating about the ever-expanding responsibility that is put upon us for more active involvement in welfare employment, dropout prevention, dislocated worker programs.

There are a lot for us who work as volunteers. So I would not put out the fact that the governors have not thrown any of us out of business; we are volunteers. I think what you are hearing is a clear cry from everybody that there needs to be a continual and increasing investment in the capacity of the whole system from the top on down.

That is why we are looking for some flexibility on the administrative level. I, as a businessman, am not particularly interested in seeing money going into higher salaries simply for salaries or fancy offices, but believe that that additional flexibility in administrative funds can help provide the kind of capacity building and training that is really necessary so that we have a higher percentage of these 650 PICs providing the programs.

Mr. BARTLETT. So you do not think any PIC that is not performing for multiple use—you think it should not be closed down?

Mr. STRUEVER. I do not think the issue is really closing down. I think what there needs to be at the state level is that the governor has to be able to come down firmly with state capacity down at the local level and with the local elected officials and say what is going on here, what are the problems and what can we do to make them better.

Mr. BARTLETT. But not impose a reorganization plan?

Mr. STRUEVER. Sure, if that is the necessary outcome. I think that is fine. You have to have those ultimate sanctions hanging out there.

Mr. BARTLETT. Mr. Kolberg?

Mr. KOLBERG. I certainly agree with that. I think that SDAs and PICs can go bankrupt just like the Jersey City school system can go bankrupt. If that happens, there needs to be something in the law that forces, not just allows but forces, the governor to move in and do some restitution and some changing.

At the same time, my experience tells me, and maybe yours does too, Mr. Bartlett, that the intergovernmental system is such that to do this in the intergovernmental system does not happen very often, and if it does happen at all, at a very high political price.

I recall when I was in the Labor Department, to try to point to governors and say that their unemployment insurance system did not meet our standards, and I was going to publicly do that and scold them publicly, seldom happened because you do not want to do that no matter what party is in.

For governors to take on the mayor of Baltimore, let's say, and Mr. Struever, it is going to have to be in the final throws before the governor of Maryland is likely to do that. That is just in the nature of things. I do not suggest any remedy. That is just in the nature of the kind of intergovernmental system we have.

Mr. BARTLETT. Mr. Kolberg, unfortunately that is in the nature of things. Politics, that is political comedy, then gets in the way of providing very real and very necessary job training and placement for people who are hurting.

It may be that the governor or the mayor should be the ones that lose their jobs, but the people that really lose their jobs are the unemployed, chronically unemployed, who do not get served.

I speak from some experience. We have had over the last several years a PIC in my home city in Dallas which is, by every measure of performance standard, the worst in the state of Texas.

As a Federal legislator, it is gulling to see so far no teeth in the law that says the governor shall impose a reorganization plan but to see that the governor did not. It is not a matter of punishing or rewarding volunteers on the PIC council; it is a matter of making certain that whatever agency structure is there, that it is performing to serve those individuals.

Mr. Peterson, did you determine any ways in which the law could be restructured to accomplish that to end up with a reorganization plan if necessary?

Mr. PETERSON. No. I am not sure that we can legislate courage.

Mr. BARTLETT. We did in Chapter One. In the Chapter One mandate we said to the states that we would take away their Federal funds, their Chapter One money for the state as a whole if the governor did not impose a special master. The result is that there are now school districts in Texas and New Jersey and elsewhere with a special master.

Mr. PETERSON. It might be isolated cases.

Mr. BARTLETT. Just one other comment or question, Mr. Peterson. Perhaps one approach that might be useful with both the cost reimbursement and the performance-based standard would be an approach of some disclosure and sunshine in which at the beginning of every contract cycle, the local PIC would be required to publicly disclose the results of the prior contracts or the current contracts as measured by performance, performance-per-dollar perhaps, and then to advertise those contracts for competitive bids.

So, if indeed, a contractor has a contract in which they are placing workers who are now skilled into the marketplace for 1500 dollars per placement, and if indeed it only cost them 700 dollars for placement, then no doubt in most cases another contractor would come along who would offer to do it for 900 dollars per contract.

Would that be in the direction that you would think useful in this area?

Mr. PETERSON. Competition, sir, would absolutely be in the right direction. There is very, very little competition in this system at this point in time, virtually none.

Mr. BARTLETT. Mr. Struever, are there ways in which we could advertise for additional bidders on some of the contracts?

Mr. STRUEVER. Our normal mode of operation is an RFP process in which we have a PIC committee that overseas all our skills training programs and funding and do an RFP around welfare employment, particular kinds of training and get proposals from all kinds of different people; nonprofits, for profits.

Mr. BARTLETT. Do you disclose in the RFP the performance of the current contractor so that others can bid against them?

Mr. STRUEVER. No, we do not.

Mr. BARTLETT. Do you think that you should?

Mr. STRUEVER. But we certainly evaluate that in the process of deciding whether to change contractors or to take on a new one. So

again, I think the concept is that we believe within the performance-based contracting system there are ways to deal with the kinds of concerns, legitimate concerns, that I think the Inspector General has raised.

Mr. BARTLETT. Mr. Kolberg?

Mr. KOLBERG. If I could relate this discussion, Mr. Chairman, to the capacity building discussion. About 400 of the 626 PICs serve rural communities or small towns.

They do not have large staffs. They do not have a lot of experience. Yet, the committee would cut back on capacity building.

Baltimore probably can do a very good job and continue to do performance contracting. I wonder sometimes about some of the others where the turnover in staff, the turnover in PICs and all is very high.

I guess my own feeling is that we ought to be very careful and listen very carefully to what the Inspector General says. CETA finally went out of existence partly because of the belief that this kind of problem, that the Inspector General points out, was rife throughout the system.

I would really want to be aware of that. I do not know whether I need to go as far as the Secretary of Labor who says we should be balancing off flexibility and accountability. It seems to me there are some movement in the direction toward accountability now, particularly given the realities of the capacity in this system to do the very complicated kind of cost building data and that sort of thing that the Inspector General is talking about.

It seems to me we ought to be very careful. None of us want to have this system ripped off, not anyone in any party, in any part of this system. If, in fact, there is a belief that every now and then because of lack of capacity—I do not think it is venality; I think it is lack of capacity—the system is getting ripped off.

We have to be very careful and see if we cannot fix that without damaging the very important flexibility that Bill Struever and other Private Industry Council chairmen talk about.

Mr. BARTLETT. That is a good statement to end the hearing on. I would add to that about my own judgement. I was on the Dallas City Council during the days of CETA. My judgement is that CETA went out of business not because of the perception but because of the reality.

The reality was based on—the scandals were not—scandals related to cost. In fact, there was very little stealing or siphoning off of money, although sometimes those made the newspapers.

The scandals were based on the fact that CETA, most of CETA not all, was based on a cost reimbursement theory in which we agreed to pay per hour of training as opposed to pay for performance. I would sure hate to have us go back to that system.

I thank the witnesses. The record will stay open sufficiently for Mr. Struever to comment on the DOL regulations as they may relate to reauthorization and other testimony.

The hearing is adjourned.

[Whereupon, at 1:05 p.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows.]

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September 8, 1989

HOUSE COMMITTEE ON EDUCATION AND LABOR
2181 Rayburn House Office Building
Washington, D.C. 20515
September 20, 1989

Written Testimony Submitted by:

IDAHO STATE COUNCIL ON AGING
Maud Pearson, Chair
Room 108, Statehouse
Boise, Idaho 83720

See attached resolution adopted by the Idaho State Council on Aging at its statewide meeting held in Boise, Idaho, on August 24, 1989.

MA/jrs

EQUAL OPPORTUNITY EMPLOYER

RESOLUTION OF THE IDAHO STATE COUNCIL ON AGING

WHEREAS: from 1984 through July, 1989, over 1400 older Idahoans have participated in the 3% Older Worker Set-aside Program created in 1983 by the Job Training Partnership Act (JTPA). These older individuals wanted and needed to work; and

WHEREAS: the average age of America's workforce is on the rise and the need for older worker employment and training is increasing; and

WHEREAS: proponents for elimination of the 3% JTPA Set-aside argue that employment and training programs for older workers should not be separate and that older workers should be mainstreamed with all other unemployed; and

WHEREAS: the record shows that when older workers are mainstreamed with all other applicants for employment services, they fall through the cracks--older unemployed adults are not equitably served. Prior to the enactment of the 3% Older Worker JTPA Set-aside, older workers had to compete for services with younger unemployed adults. During the course of the Comprehensive Employment and Training Act (CETA), national statistics report only 2.9% of all adults served were 55 and older (in Idaho, only 2.7% of all adults served were 55 and older). Since enactment of the 3% Older Worker Set-aside, the level of service to older unemployed Idahoans has increased to 8.2%; and

WHEREAS: we should place more emphasis, not less, on retraining older workers;

THEREFORE, BE IT RESOLVED: that a minimum of 3% of all adult Job Training Partnership Act financial resources be reserved to meet the unique employment and training needs of older individuals; and

BE IT FURTHER RESOLVED: that each Governor be given the flexibility to determine how older worker employment and training services can most effectively be delivered in each state.

Maud B Pearson
Chairman, Idaho State Council on Aging

8/24/1989
Date

Testimony on:

The Reauthorization of the Job Training Partnership Act

By:

The Honorable Charles S. Robb
U.S. Senator and Chairman of
Jobs for America's Graduates

The Honorable John R. McKernan, Jr.
Governor and Vice Chairman of
Jobs for America's Graduates

September 20, 1989

It is a special pleasure for us to report briefly on the ten years of experience of Jobs for America's Graduates in the context of the Job Training Partnership Act -- and to encourage your consideration, in particular, of the important role that states can play in more effectively delivering programs for at-risk youth.

To the best of our knowledge, Jobs for America's Graduates is now the nation's largest consistently applied model of school-to-work transition for at-risk youth. We presently serve 21,000 at-risk youth annually (approximately 12,000 new young people at the opening of the school year, with continuing services to more than 9,500 youth from the Class of 1989 who are now on the job, in the military or enrolled in post-secondary training). The program operates in approximately 300 high schools in over 50 communities in 16 states.

Jobs for America's Graduates has three guiding principles:

- We are convinced that school-to-work strategies for at-risk youth can be among the most effective strategies to prevent both dropouts and unemployment after leaving school.
- That intervening as late as the 12th grade, although it is far preferable to do so earlier, can still make a very large difference in the outcomes of at-risk youth in both their educational attainment and their success on the job.
- That the public and private leadership of states must lead in mobilizing resources and commitment to ensure the sustained application of such a program for long-term results.

The JAG model is very simple -- perhaps its most important virtue. The program was developed in 1979 in Delaware by a task force of over 400 government, business, education and labor leaders commissioned by Governor Pete du Pont. Successful elements of vocational education, cooperative education, proven job training programs and counseling strategies were organized into a "model."

Simply stated, that model intervenes in the 12th grade to serve the most at-risk youth with a combination of motivational services (through a vocationally-oriented student organization), intensive one-on-one and group counseling personal assistance from "Job Specialists." A primary goal is to have these youth learn and attain 30 "competencies" which were developed for JAG by the business community as essential elements for successful attachment to the labor force. Finally, the model provides for a transition process into employment for a full nine months after graduation or upon leaving school. During that nine months, JAG seeks to secure a raise or promotion -- preferably both -- to help ensure that clear and concrete progress has been made by our young people in their jobs. The

business community has consistently told us that it takes approximately nine months for successful attachment to the labor force to occur.

As indicated, this model has stood the test of time for the past ten years. It has been operating with a high degree of consistency, serving more than 70,000 at-risk youth (60% of whom are minorities) in a broad variety of urban, suburban and rural situations during both economic recession and recovery, and it works. Using JTPA criteria for "positive termination," our national average has exceeded 80% for each of the past ten years.

Those results offer compelling evidence that intervention can be successful as late as the 12th grade for at-risk youth. There is no one on our Board who does not agree with the conventional wisdom that intervention must occur early to have the best chance of success. However, JAG has proven beyond any doubt, we believe, that we do not have to give up on the current generation of at-risk youth. Even modest levels of intervention, such as the JAG model, can consistently and substantially improve the outcomes of public education and successful attachment to the labor force of these at-risk youth.

At the present time, we are field testing a "dropout prevention" component of our program -- the Opportunity Awareness Program -- in grades 10 and 11 in 21 high schools in seven states. Assuming that this goes well, JAG will be able to offer states and localities a true comprehensive school-to-work transition system beginning at the point at which young people are eligible to leave school (generally at age 16) and continuing through nine months after leaving school.

Turning to the legislation before the Committee, we first would like to commend the Chairman and the Members of this Committee, as well as the Senate and the Administration, for what we believe to be an extraordinary level of consensus on the key

issues that must be addressed in the reauthorization of JTPA. While our Board of Directors has taken a formal stand on only one element -- that of the role states must play which is addressed later -- we can say with confidence that the JAG Board strongly encourages the direction of your bill, as well as that of the Senate bill, which seeks to shift greater resources towards a strategy of prevention through assistance to schools to help them do a better job for at-risk youth. We also encourage the continued targeting of the limited federal resources to those youth who are most at-risk. Even though our program is intended to serve all those youth who are at risk of failing school or of becoming unemployed, we accept and support the need for available federal resources to target those youth most at-risk. JAG is prepared to be aggressive in our efforts to help carry out that goal of this legislation.

JAG especially appreciates the opportunity to convey the views of our Board of Directors regarding the importance of an expanded state role in fashioning more comprehensive and successful education and training programs for at-risk youth.

For the first time in our history, the JAG Board of Directors -- a group with diverse backgrounds, political persuasion and experience -- has unanimously endorsed a particular element of proposed legislation.

We strongly endorse the proposal for a "5% state set-aside" to be reserved for the Secretary of Labor to distribute as "incentive grants" to states which agree to fashion new statewide goals, and appropriate programmatic strategies to reach these goals, for at-risk youth.

The strength of our support is based on our ten years of collective experience as an organization. After the ten years of results, we are convinced that:

1. In a time of very limited federal resources it is vitally important to encourage that more state financial resources be applied towards helping at-risk youth stay in school and seek new employment.
2. There are substantial economies of scale and inherent programmatic value in more comprehensive statewide strategies for at-risk youth.
3. The private and public sector leadership at the state as well as at the local level must be fully mobilized if we are to make serious inroads into the problems of at-risk youth.
4. Perhaps most importantly, state public and private sector leaders must take the lead on this issue. They must not be left to stand off to the side acting only as advisors or just as enforcers of rules and regulations.

It is for those reasons that we believe the 5% state set-aside is so vitally important to an improved Job Training Partnership Act.

As you consider these elements of the legislation, we urge that the 5% state set-aside require states to demonstrate a concrete commitment and a demonstrated mobilization of resources for fashioning and executing such successful statewide strategies.

One component of that mobilization of resources would be to require matching commitments from states for financing as part of their statewide strategy. These funds would be drawn from available federal funds and existing or new state resources.

Further, we urge that a clear role be established for the public schools as the central vehicle for attempting to prevent youth unemployment and dropouts. In our judgement, the schools must be at the core of any affordable and successful strategy.

Finally, we recommend that states be required to establish truly effective oversight mechanisms for the new goals drawn from the senior leadership of the states' public and private sectors, including business, government, education, labor and statewide community leaders. We prefer that these mechanisms have a true oversight function rather than function simply as advisory groups. Based on our experience, it is vitally important that the public and private sector leaders have actual responsibility for the success of the state strategies they propose for the 5% incentive grants. That is how sustained and long-term success is likely to be achieved.

Fundamental to our recommendation of the 5% state set-aside is our judgment that one of the major failings of job training programs over the past 25 years has been their fragmentation into literally thousands of small programs that come and go with the seasons. The litany of acronyms and numbers designating programs which have come and gone in the time of this Committee is too extensive to recite.

Perhaps as important as any other outcome of this legislation, we believe, is for state-level leaders to make long-term commitments to accept responsibility for the results of sustained strategies for reaching clearly defined goals designed to help at-risk youth to stay in school and successfully enter the labor market.

Quite candidly, our experience tells us that it is that acceptance of responsibility by state-level leaders to achieve improved outcomes of education and job training that is the most important objective. People of good intentions with some degree of background in this field will select or develop an appropriate model, just as the designers of Jobs for America's Graduates did in Delaware ten years ago. This is not a mysterious business. There is no

magic here. There are, regrettably, "no silver bullets" for solving the problems of at-risk youth.

There are, however, proven models, proven strategies and proven ways to make steady progress in reducing the number of at-risk youth, and in reducing the dropout rate and the unemployment rate among at-risk young people.

What it takes is the application of that sustained and comprehensive strategy directed at the prevention of unemployment and dropouts. Such an effort is best led at the state level, with local responsibility for execution and management, so that the added value of a comprehensive statewide strategy is achieved.

Jobs for America's Graduates seeks no funding from this bill. In fact, at the national level we have never received any governmental funding. What we seek is a public policy change that emphasizes the importance of state leadership, state commitment, state resources and state goals, overseen by public and private sector leaders who are, quite literally, responsible for meeting those goals.

As a result of our conversations on this subject with many of the nation's governors, we are convinced that many states will respond very actively to the opportunities and the challenges inherent in the 5% state set-aside provision. We can offer assurances that most of the 16 states where Jobs for America's Graduates presently is operating will be aggressive in bringing forward comprehensive proposals for the consideration of the Secretary of Labor.

Given the very limited resources available at the federal level, we believe that it is an excellent investment to take 5% of the total funds available to the states and localities and put it in the form of incentives intended to attract those states that are willing and able to meet the resource and leadership commitment requirements we have outlined.

In conclusion, let us again emphasize our general support for the policy direction embodied in the legislation before the Committee, as well as that of the Senate and the Administration. It is most encouraging to those of us who have spent a good deal of time in this area to see such consensus and a sense of urgency about the need to improve the basically successful structure of the Job Training Partnership Act.

Please feel free to contact our offices with questions.

Submitted by:

Charles S. Robb
U.S. Senator
Chairman
Jobs for America's Graduates

John R. McKernan, Jr.
Governor
Vice Chairman
Jobs for America's Graduates

On behalf of the Board of Directors of Jobs for America's Graduates, Inc.

NATIONAL COMMISSION FOR EMPLOYMENT POLICY
1522 K Street, NW, Suite 300
Washington, D.C. 20005

Chairman

October 2, 1989

Chairman Augustus F. Hawkins
House Education and Labor Committee
2181 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Hawkins:

Please find attached to this correspondence transmittal of my testimony for the National Commission for Employment Policy to be included in your hearing of September 20, 1989 on H.R. 2039, the Job Training Partnership Act (JTPA) Amendments of 1989.

It is a great pleasure and we feel the full weight of our responsibility as an independent source for Congress and the President, to lend our advice, comments and suggestions to the hearing record on your JTPA legislation. We are particularly grateful that the record has been held open for this testimony.

Once again we want to assure you of our dedication and commitment to to you Mr. Chairman, and to the House Education and Labor Committee as a support resource with independent perspective into the employment and training issues facing the Nation.

With kindest personal regards,

John C. Gartland

As you know, the Commission's mandate is to advise the President and Congress on the broad employment and training issues facing the Nation. Furthermore, we are specifically mandated to advise the Secretary of Labor on issues relating to the establishment of, as well as the impact of, JTPA performance standards. Since the beginning of JTPA, the Commission has devoted significant research resources to meeting these general and specific mandates. It is with these mandates in mind that the Commission makes the following comments and suggestions.

I would like to begin by focusing on the broad themes raised by your amendments to JTPA: stability, targeting, flexibility, and accountability.

The Commission strongly supports your efforts to maintain the stability of the JTPA system. Your bill leaves intact the private/public partnership which has worked so well across our country. The State's role and the local Private Industry Council's responsibilities are unchanged by H.R. 2039. Since the beginning of JTPA, the Commission has worked closely with the many volunteers and professionals across this Country who have made this program so successful. We have seen ample evidence of exemplary efforts to serve and train the less fortunate of our society, and we have witnessed the dedication of the people within the JTPA system. The stability that your bill provides will allow the JTPA system to build and improve upon a solid

foundation.

Another example of stability that we wish to go on record as supporting is your proposal to retain the Summer Youth Employment and Training Program (SYETP). Other proposals have either eliminated this valuable program or sought to overly restrict the use of these funds. However, the Commission suggests that some provision needs to be added which would allow for more year-round use of SYETP funds. This would allow greater flexibility for those areas that wish to operate these programs in a more comprehensive, year-round fashion.

One area that the Commission agrees could be improved is targeting. The Commission's research report, Who is Served by JTPA Programs, found that the JTPA system was generally following the lead of Congress as to who should be served. While we did not find widespread "creaming" in the JTPA programs, we did note that two groups, Hispanics males and adult high school dropouts, warranted greater attention by JTPA programs. This research further suggested that the "more motivated" eligible persons were participating in JTPA programs. That is, those eligibles who were unemployed and seeking work were more likely to be enrolled in JTPA than other groups of eligibles, i.e. those who were unemployed but had given up looking for work -- those referred to as discouraged workers.

This research noted that, overall, the JTPA system was responding to targeting language of the Act. The Act currently places emphasis on the economically disadvantaged, youth, those on welfare, and dropouts. This research found the JTPA programs serving these main target groups reasonably well, with the exception of adult high school dropouts. In our recommendations we suggested that if more specific targeting were desired by Congress, such as focusing services to long-term welfare recipients, then amendments must be enacted to guide the JTPA system.

As one follow up to this research, the Commission specifically focused on the issue of underservice to eligible Hispanics. As a group, Hispanics epitomize those "facing serious barriers to employment, who are in special need of training." They are generally on the lowest rung of the Nation's economic ladder. Hispanic men generally earn less than black or white males, and Hispanic women earn less than any other group of workers. Furthermore, Hispanics' experiences in JTPA offer lessons on how JTPA's structure affects "who is served." A sizable proportion of the Hispanic population could be considered "most in need" since 40% are high school dropouts and as many as 45% lack proficiency in English.

Upon reviewing the draft research findings, the Commission was sufficiently distressed at some of the implications that we

held field hearings to solicit feedback from elected and appointed officials, private sector volunteers, program operators, and researchers. During the course of these hearings, we heard testimony which have implications beyond services to Hispanics. I wish to convey two points in particular from this research.

First, there is a great desire across our country to help the less fortunate, but the resources are often not getting to those areas with high concentrations of economically disadvantaged persons. For example, areas with the highest concentrations of eligible Hispanics do not get proportionately more funding than other areas due to the current allocation formula. This is due to the fact that economically disadvantaged Hispanics are highly concentrated in large urban areas which under the current formula allocation process receive a smaller proportion of funding than would be expected based on their share of the nation's JTPA eligible population.

In order to help address such inequities as this, the Commission suggests that the allocation formula be revised. The current use of substantial areas of unemployment data needs to be dropped and the remaining unemployment and poverty data elements need to be equally weighted.

Second, so much attention and resources are directed at

documenting the full range of eligibility and reporting elements that fewer dollars are available to serve clients. During the Commission's hearings on services to Hispanics, considerable evidence was presented on the unintended adverse impacts that documentation requirements were having. Valuable, scarce resources are being diverted to adhering to rigorous documentation rules to avoid the chance of future questioned costs by auditors.

Let me share with the Committee a couple of examples of this problem. Family size is used to determine the family income allowable for JTPA eligibility. While this may be an easy piece of information to provide, it is very difficult to document. Although income tax returns seem the likely source of documentation, they do not necessarily reflect current family size. Moreover, testimony at our hearings indicated that low income persons often do not retain these returns, if they had to file returns at all. Yet without the proper documentation, JTPA providers or operators could be potentially risking an audit exception.

Another example, which is related to reporting requirements, is documenting that a person is a high school dropout. Again the Commission saw instances where persons were required to seek documentation proving that they had neither graduated from high school nor received a General Equivalency Diploma (GED).

*

The point of these examples is to caution against adding to the already unwieldy paperwork requirements facing operators, community-based organizations, and the participants themselves. In some cases, the extra burden of documentation requirements may be so costly that community-based organizations who are serving the "most in need" clients cannot afford to be part of JTPA. The Commission heard from local operators that it is not unusual for them to require fourteen separate and distinct documents to respond to Federal and State eligibility and reporting requirements.

With respect to the applicants to JTPA, we heard testimony that in some cases the rigorous documentation process was also having the unintended effect of scaring away potential "most in need" clients. The Commission found that increased targeting on the "hardest to serve," while an admirable goal, may be difficult to achieve to the extent that additional documentation requirements are established. This is because service delivery areas demand stringent proof requirements by applicants to minimize audit liabilities. For example, applicants who are unable to produce the required documentation at the initial visit or who must obtain, for example, a birth certificate from a foreign country, may well be scared away from that program. Wherever possible and prudent, we must seek relief from this unintended administrative nightmare.

To this end, the Commission recommends that the Office of Management and Budget, in consultation with the Comptroller General, work with the U.S. Department of Labor, States, and service delivery areas to find ways of easing the documentation requirements while, at the same time, assuring conformance with the intent of JTPA.

Turning to the issue of flexibility, the number of target groups needing attention at the National and local levels grows daily. State and local programs can only slice the pie so many ways and still have an effective effort. Different areas of our country have different target groups -- homeless in one area, Asians in another, and Hispanics in yet another. Some areas have all of these groups as well as at-risk youth. Because the economically disadvantaged population is so diverse from area to area, the Act must allow for the greatest amount of State and local flexibility under JTPA.

The Commission supports your approach to increase the targeting requirements within a flexible framework. Your proposal to specify greater targeting for half of the JTPA enrollees is responsive to the national interests while allowing continued local discretion. However, we suggest that for adults the targeting language be limited to those who are either lacking in basic skills or are long term welfare recipients. While we know from research that training can be very helpful to people

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with limited work experience, we suggest that you drop limited work experience from the proposed targeting requirement because of definitional problems, as well as the documentation problem discussed above. In terms of compliance with the requirement that fifty percent of enrollees come from targeted populations, how will a program operator prove that a certain participant had not worked before entering JTPA?

Turning to the issue of accountability, the Commission has two major areas of concern with H.R. 2039: the change in the criteria for incentive awards, and the reduced amount of incentive award funds.

The Commission recently completed a comprehensive examination of the effects of performance standards on JTPA programs. In our research, we found that incentives can provide a powerful encouragement to local programs to serve the hard-to-serve populations. In fact, those states that have additional criteria in their incentive awards promoting the targeting of specific groups were found to be the most effective at encouraging services to these hard-to-serve groups. H.R. 2039 would alter the incentive system from rewards based on outcomes to rewards based solely on who is served. This change could undermine the accountability of JTPA. Programs should be encouraged, and rewarded, for exemplary services and outcomes with hard-to-serve populations. We strongly urge your

reconsideration of this critical element of JTPA.

We are further troubled by the reduced resources available for incentive awards. We suggest rather than reducing significantly the available incentive award resources, language be added that requires incentive awards to take into account services to State/local target groups. We believe this would be another way to encourage the JTPA system to move in the direction you intend, while maintaining the principle of accountability.

Our research also suggests two other improvements need to be made to the performance standards system: eliminate cost standards from the awarding of incentive funds, and allow States to award incentive funds based on "meeting" standards rather than the current requirement which is based on "to the degree that standards are exceeded." This latter improvement, in particular, will show a significant increase in services to hard-to-serve populations, based on our research findings.

Before closing there are two other issues that I wish to bring to the Committee's attention. First, the Commission is in strong support of your decision to retain the education coordination funding. These "8% set aside" funds have been invaluable to the JTPA system as a reserve for innovative programs. In our Hispanic hearings we heard time and again how these resources were instrumental in funding English-as-a-Second-

Language programs. From our recent research on the employment and training problems facing the homeless, we have heard how State and local programs rely on 8% funding for pilot efforts. From our general research on JTPA we have seen special programs being supported by these funds for adult and youth offenders and at-risk youth, and for special GED preparation courses. State and local administrators have told the Commission that the major reasons for using these funds for innovative programs are that they can be used to leverage other funding and they are generally exempt from performance standards.

Second, the Commission recommends caution in eliminating fixed-unit price, performance-based contracts. Our recent hearings uncovered a great deal of support for this method of contracting among Private Industry Councils (PICs) and community-based organizations (CBOs). Although we recognize the past abuses documented by the Department of Labor's Office of Inspector General, the Commission recommends that this issue be resolved through the regulatory process. To this end, the Commission supports the Department of Labor's recent changes in the JTPA regulations which clarifies how these contracts should be designed and administered, and yet, still allow PICs and CBOs the use of this contracting vehicle.

In closing, I want first to reinforce a general observation. Like the population in general, the population that JTPA is

intended to assist differs along a variety of demographic and socio-economic lines -- by age, sex, race, marital status, educational attainment, and amount of work experience -- to name a few. This diversity is important to note because it means that the people have different needs, interests, and aptitudes. JTPA was designed with the view that States and local governments were in the best position to know the needs of their citizenry and of their labor market. This State/local discretion within a framework of accountability became the hallmark of JTPA. JTPA's continued success necessitates continued stability, flexibility and accountability -- with an increased emphasis on serving the most in need, so that the demands of the workplace can be met.

Second, I want to underscore the role the Commission has played and will continue to play in examining the employment and training issues before our Nation. We are in the midst of our mandated study to examine the issues of worker dislocation. We are finalizing research on Hispanics and on the homeless. We will be examining the childcare needs of enrollees in job training, including the newly enacted JOBS program. We are playing an active role in facilitating the efforts of the National Association of State Job Training Coordinating Councils. And we are furthering our research in the JTPA performance standards area, including a special project which examines the role of administrative records to evaluate the long term effectiveness of JTPA programs. This project, using employer

quarterly wage earnings, is evaluating the earnings patterns of JTPA participants a year before they enter, and up to two years after they leave JTPA programs. It is being undertaken with the cooperation of fifteen States and the Department of Labor, including the Department's Office of the Inspector General.

All of these efforts and others to follow are aimed at assisting this Nation as it faces its task of training an increasingly diverse population with diverse needs. The Commission looks forward to playing an active role with the Chairman and members of this Committee as we together help prepare our Nation's workforce for the future.

Thank you.

STATEMENT OF THE NATIONAL CONFERENCE OF STATE LEGISLATURES ON PROPOSED AMENDMENTS TO TITLE II OF THE JOB TRAINING PARTNERSHIP ACT

We at the National Conference of State Legislatures (NCSL) are especially concerned about youth employment and training and believe that a year-round approach in public policy to youth joblessness is generally lacking. While the JTPA should be a major vehicle for school-to-work transition, evidence indicates that few of those most in need currently are being served by JTPA.

Therefore, in considering amendments to Title II of JTPA, NCSL would urge the development of a more comprehensive program policy for youth that includes:

1. An expansion of resources available at the middle and high school level for basic education and remediation to reverse patterns of functional illiteracy and reduce drop-out rates. The youth to be served should be those least likely to become employed without assistance.

2. Institutionalizing school-to-work transition services at the secondary and post-secondary levels, to include counseling, career exploration and planning, job search assistance, and other services that will both facilitate entry into the labor market and instill the importance of further education and training, especially for the non-college bound.

3. After-school job opportunities and full-time summer jobs, coupled with remediation, should be provided for economically disadvantaged young people who are in high school or who agree to return to an educational program that leads to a diploma or an equivalency certificate. Education performance and school attendance would be a condition of participation and would be strictly monitored. Special attention must be given to coordination with local Private Industry Councils to provide work opportunities in the private sector to enhance the value and credibility of the experience.

4. Creation of work and service opportunities for 14- to 18-year-olds who have completed high school or an equivalency program and want to devote a year to community or conservation service to develop and test their skills, and explore new interests. At least 50 percent of the participants should be economically disadvantaged.

5. Long-term follow-up services to assure that the transition is complete including incentives for promotions or substantial gains in income for target youth.

6. To ensure continued service for young adults in all states, the JTPA should define adults as persons age 21 years and older.

NCSL urges a true state-federal partnership to combat this serious national problem so that future generations of youth can be fully employed and productive members of society. NCSL also urges the Congress to maintain full funding of the Job Corps so as to retain it as one of the truly successful safety net programs of the federal government.

The National Conference of State Legislatures appreciates all you and the Education and Labor Committee are doing to improve opportunities for America's youth in the Job Training Partnership Act.

STATEMENT OF THE

INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES, INC.

CONCERNING

PROPOSED AMENDMENTS TO THE
JOB TRAINING PARTNERSHIP ACT

TO

THE EDUCATION AND LABOR COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 1989

The Interstate Conference of Employment Security Agencies, Inc. (ICESA) is the organization representing administrators of unemployment compensation laws and the public employment services throughout the country. We appreciate this opportunity to present our response on the proposed changes to the Job Training Partnership Act (JTPA).

Before presenting our views on a number of specific proposals under consideration by this Committee, it should be noted how the Employment Security System, and in particular the employment service (ES), has responded to the Wagner-Peyser Act amendments which were incorporated as a part of JTPA.

Provisions increasing the flexibility in program design, establishing a local market-based planning process and the shift to a needs-based allocation methodology are some of the major changes in the law which have moved the ES system to become a more diverse participant in labor market activities. These changes have fostered stronger ties with not only the JTPA system, but other human resource entities at both the state and local level. Where once there was a fairly uniform nationwide system of service delivery activities and procedures, there now exists very diverse labor exchange programs from state-to-state and even within states from labor market to labor market. This is a natural outgrowth of the 1982 amendments which directed the Employment Service System to be more responsive to local labor

market needs, and operate in greater partnership with other human resource programs as well as the private sector. This direction parallels the same emphasis in JTPA. For example, the amendments direct the following:

Sec. 8(b) "Prior to submission of such plans
(ES) to the Secretary--
(1) the employment service shall develop jointly with each appropriate private industry council and chief elected official or officials for the service delivery area those components of such plans applicable to such area;

(2) such plans shall be developed taking into consideration proposals developed jointly by the appropriate private industry council and chief elected official or officials in the service delivery area affected;"

The recently completed Employment Service Forums, sponsored by the Employment and Training Administration (USDOL), identified 142 model ES innovative programs. Eighty percent (80%) of these programs were associated with other human resource delivery systems. One in three had private sector input in their design and implementation.

ICESA's positions concerning the various proposals to amend the JTPA are based on the direct involvement of State Employment Security Agencies (SESAs) with the JTPA system. Employment security agencies continue to play a lead role in Title III activities and our involvement in support of Title II and Title IV programs is extensive. ICESA's members are represented on all Private Industry Councils (PICs) and nearly all State Job Training Coordinating Councils (SJTCC). Further, in at least 35 states, the employment service and JTPA are housed in the same agency overseen by the same individual who has the responsibility to deliver and coordinate services throughout the state.

Our specific input and recommendations are as follows:

State Council

ICESA supports the formation of a State Council that is comprised of all human resource programs, including education and welfare; the private sector; organized labor; as well as those organizations representing the client groups to be served. Both the Human Investment Council established by H.R. 7, as well as the Council proposed in S.543 and H.R. 2803, appear to us to move in the right direction. However, there are a number of specific recommendations that we offer for your consideration, if the present SJTCC is reconstituted:

- A representative of the State Employment Security Agency should be a statutorily assigned member of the Council. While SESAs currently serve on nearly all of the SJTCCs, their participation is not required by law. Rather, it must be earned through negotiation.

  The employment security system (ES, UI and LMI) is an important partner in a comprehensive human resource planning and delivery system and there should be no discretion concerning Council membership.

- A representative of the Job Service Employer Committee (JSEC) system should be a member of the Council. There are approximately 1,200 of these committees throughout the United States comprising nearly 35,000 employers who volunteer their time to work with the employment service system to improve operations. Many of these individuals also serve on PICs and participate in the joint planning process for ES local offices.

  They have functioned in this capacity for nearly two decades, and their expertise and knowledge should be recognized.

- We would also recommend that veterans' organizations be encouraged to participate as Council members. Organizations such as the American Legion, Disabled American Veterans, Vietnam Veterans of America, AMVETS and the Veterans' of Foreign Wars are deeply concerned about employment and training opportunities for veterans and their dependents and often operate special programs in the states.

- The Council should have as its primary mandate the development of broad policy guidelines for the Governor's consideration in fostering greater coordination of human resource programs. The Governor should be allowed to develop and implement a plan which meets the economic and social needs of the particular state and should not be confined to a limited number of options which may not address the needs and priorities of that state. The Council should not prescribe specific operating procedures for programs or activities. There must exist a sizeable degree of flexibility at the local level for human resource programs to design their particular operating/ administrative relationships, in accordance with the guidelines developed by the Council.

Program Services

ICESA strongly believes that with these hearings, and recognizing the strong interest and support of the Senate to seek improvements in JTPA, there is an opportunity to clarify the role of the employment service system in relation to JTPA. Specifically, we are concerned that as service delivery areas (SDAs) develop their annual plans, every consideration be given to avoid the unnecessary duplication of services which may be available from local employment service offices, particularly job placement.

We feel it is extremely worthwhile for both programs to at least discuss the potential for collaborative efforts. It appears that the Administration's proposal attempts to address this overall issue, when they propose to prohibit SDAs from providing job clubs/job search activities as a stand-alone service, permitting it only when it is not available from the Employment Service. This attempt at clarifying the roles of both systems, and fostering more meaningful coordination/linkage, is commendable.

Section 141(h) of the current statute already addresses this issue in a much broader sense; however, there has been little, if any, adherence to it. It states:

"Funds provided under this Act should not be used to duplicate facilities or services available in the area (with or without reimbursement) from Federal, State or local sources, unless the plan establishes that alternative services or facilities would be more effective or more likely to achieve performance goals."

We all recognize that there are scarce resources available to serve those who are eligible for JTPA and other human resource programs. Over the past decade the ES system has certainly been limited in its ability to operate as an effective labor market intermediary due to real reductions in its resources. Even so there are still ES offices and services out there, and it makes no sense for JTPA or any other program to establish a completely separate job placement and employer contact program if the same or better results can be achieved through arrangement with the employment service. It would appear minimally prudent, therefore, to require the Private Industry Councils and local elected officials, who already share responsibility for joint planning, to formally assess whether required services for JTPA clients can be obtained from employment service local offices. This review should also include intake and assessment as well as placement and related ES services.

If JTPA performance standards are standing in the way of such cooperative efforts, then the performance standards system needs to be modified. Whatever it takes to avoid duplication of service delivery and promote greater coordination, that's the course that we hope this Committee will pursue.

Also, in this regard, we recommend that the development of integrated ES/JTPA state plans be permitted. Several attempts by states to implement fully integrated JTPA/ES plans have been rejected by the U.S. Department of Labor. As the JTPA Advisory Committee noted, a seamless coordinated human resource system is vital to the nation's future.

Eligibility/Targeting

ICESA supports the proposed separation of youth and adult activities, including a distinct section for a summer youth program; however, the approach to targeting the most in need through a set of self-limiting eligibility criteria is too restrictive. In states with diverse and varied demographic concentrations, flexibility in establishing service targets is imperative to insuring the delivery of services to those who are, in fact, most in need.

Additional eligibility criteria will increase the administrative burden as systems must be designed to document, track, and report the data. We recommend that additional targeting efforts be accomplished through performance and incentive programs rather than eligibility.

Further, particularly in the case of youth, we support some options for participation of those who meet economic criteria only in order to gain job skills. States should also have the flexibility, consistent with state circumstances and priorities, to define barriers to employment which could be used to establish eligibility. We also believe it worthwhile to lower the age limitation for youth experiencing severe barriers. Pregnant and parenting teens and those with other burdens are often left without any resources to continue in education and move towards self-sufficiency.

Let me assure this Committee that the employment service system will do its utmost to provide employment assistance to those who may no longer qualify for JTPA, if a more stringent eligibility system is established. This response is consistent with our continuing mandate to serve all job seekers who request our assistance, and the many employers whose needs cannot be met solely by programs that concentrate on specific target groups.

It is also appropriate during these hearings to propose that our nation's veterans, particularly those with service connected disabilities, be afforded preference in service delivery under appropriate Titles of JTPA and within established eligibility criteria. Title 38, Chapter 49 of the United States Code states that:

> "Because of the special nature of employment and training needs of such veterans, and the national responsibility to meet those needs, policies and programs to increase opportunities for such veterans to obtain employment, job training, counseling and job placement services and assistance in securing advancement in employment should be effectively and vigorously implemented by the Secretary of Labor..."

The employment service has provided such preference for many years, working cooperatively with the Assistant Secretary of Labor for Veterans' Employment and Training as well as the major veterans' organizations. We feel it is an obligation that should also be shared by our nation's training system.

Labor Market Information

Current provisions in JTPA concerning labor market and occupational information call for the Secretary of Labor to provide funding for the maintenance of a comprehensive system of labor market information on a national, regional, state, local or other appropriate basis. Funding for this important activity in the 1980's has been woefully inadequate at just over $4M annually financed through JTPA Title IV.E. This has caused states to seek other funding sources to pay for valuable job market data for job search and counseling activities as well as human resource agency planning. A recent ICESA survey discovered that states are contributing over $15M of Wagner-Peyser 7a and 7b funds to develop a wide variety of LMI products.

While we fully recognize that funding decisions are ultimately within purview of the Appropriations Committee, the Education and Labor Committee has always supported the need for a quality LMI program, supported by adequate resources. In this regard, we recommend that you consider report language which would instruct the Department of Labor to study the adequacy of the state and local LMI program, and the impact that resources have on their findings.

Allocation Formula

With few exceptions, S.543 and the Administration's proposed allocation formula favor large, urban areas. The formula is weighted too heavily on the economically disadvantaged factor. While we concur that this particular factor should comprise a substantial portion of the formula, unemployment factors must have significant enough weight to direct funding to areas of new or increasing poverty created by a poor economy. This will allow for some shifting of funds in the absence of a current poverty data source.

Cost Categories

ICESA supports an increase in administrative funds to 20% of an SDA allocation in all titles. This amount should not be eroded by charges for participant assessment, outreach, employability development plans or follow-up. These costs have been appropriate charges against the training cost category. To require that such essential services be charged to administration would dilute the quality of administration as well as the quality of outreach, assessment, employability and other client services.

We recommend the adoption of two cost categories as suggested by the JTPA Advisory Committee in their March 1989 Report: "Working Capital: JTPA Investments for the 90's." These would limit administrative or management costs to 20% with all other program costs generally defined as support and training. This would free states and SDAs to design programs more likely to meet needs.

Test.81

CHIEF STATE SCHOOL OFFICERS COUNCIL

September 18, 1989

Chairman Hawkins and Members of the Committee on Education and Labor:

The Job Training Partnership Act and its predecessor acts have always included a strong provision for linking education and other agencies in training and placement for employment. Included in those provisions are funds for direct support of state education agency activities to promote linkage and to demonstrate partnerships of education, business, and other government services to accomplish the objectives of the act.

The youth and adults targetted for service through JTPA must learn the foundation skills of communication and computation for effective employment, either entry-level or for continuing advancement. It is essential that the reauthorization of JTPA place strong emphasis on assuring these foundation skills are learned. This objective will be met only through strong connections between the education and training sectors and business at the federal, state, and local levels.

Chairman Hawkins' bill for reauthorization of JTPA, H.R. 2039, includes a provision of 8 percent of these funds to be used by state education agencies to accomplish the objectives noted above. We strongly support this provision of H.R. 2039.

The Administration's bill, introduced as H.R. 2803, provides strong provisions and incentives for linkages among education training and business resources at the local and federal level but leaves a critical gap at the state level. That gap must be filled by the specific authorization of funds for state education agencies to provide for the linkage among state agencies and business; technical assistance; staff development programs for local providers; and demonstration projects which will advance JTPA and education institution connections at the local level.

The focus of use for funds earmarked for state education agencies should be refined in the authorized bill. We recommend incorporation of the specifications in the attached summary. Also attached is a statement of the importance of JTPA linkage support.

Mr. Chairman and members of the Committee, the Council would be pleased to respond to any questions about our position and to assist in the JTPA reauthorization as you might request.

Education ... a sound investment in AMERICA

COUNCIL OF CHIEF STATE SCHOOL OFFICERS
[illegible] N.W. Washington, D.C.
202 [illegible] • FAX 202 [illegible]

September 19, 1989

A STRENGTHENED FOCUS FOR THE 8% EDUCATION EARMARK IN JTPA

For federal legislation to promote linkage between and among programs administered by various state agencies, it is necessary to earmark certain funds to assure the participation of such agencies. The recommendations below are designed to sharpen the focus of the 8% education set-aside in the Job Training Partnership Act (JTPA) on new national priorities for the program, including 1) targeting services to adults and youth most at risk of educational failure and long-term unemployment; 2) assuring services effectively address both their educational and occupational needs; and 3) building long-term connections and effective linkages between the education and training systems.

- Target 8% funds to linkages and institutional changes to better serve dropouts and potential dropouts, adults in need of literacy training, and individuals who are dependent on welfare.

- Identify statewide linkage and coordination of educational and occupational services for disadvantaged adults and youth as the top priority for the 8% funds, authorizing use of the monies for 1) inter- and intra-agency coordination and collaboration; 2) outreach, referral, placement and retention services that support local efforts to serve in-school and out-of-school individuals; 3) direct service in programs that successfully connect the educational and training systems; and 4) other statewide or regional promotional activities that build permanent connections between education and training programs serving those individuals most in need. Require that use of 8% funds for linkage be limited to those activities that build long-term programmatic and institutional connections.

- Authorize the use of the 8% funds to build the capacity of the educational system to meet the needs of the target populations under JTPA. Funds would be used for staff development, curriculum development, improving educational/occupational skill assessment instruments and performance standards. Require that use of 8% funds for system-building be limited to those activities that promote long-term institutional change and support the efforts of local educational agencies to serve the target populations.

September 19, 1989

ACHIEVING COORDINATION BETWEEN EDUCATION AND TRAINING IN JTPA

Revisions to the Job Training Partnership Act (JTPA) should assure that (1) adult and youth participants achieve meaningful academic and occupational skills, and (2) there are strong linkages between and among education and training programs for the disadvantaged. To achieve these goals it is necessary retain the eight percent earmark for state education agencies authorized by Section 123. The funds should be focused on: (1) long-term institutional connections between education and job training, and (2) staff development and curriculum development to meet the educational and occupational needs of the most disadvantaged youth and adults.

*** Joint SEA participation in JTPA is essential public policy to assure successful implementation of the Family Support Act, the Carl D. Perkins Act, and the Adult Education Act. At a time when new provisions for consultation with and reliance on education are being enacted to reduce welfare dependency, illiteracy, and address the needs of Americans most at risk of school failure and unemployment, full participation of state and local education agencies in job training programs is essential.

*** The goals of the JTPA amendments -- development of educational and occupational competencies, and coordination of education and training programs -- can only be achieved through joint responsibility for planning, use of resources, and outcomes by the SEA and the state job training agency. New expectations for JTPA must be matched with a new focus on education in occupational training through the eight percent earmark. The connection between the education and training systems at the state level must be strengthened to parallel the stronger connections being forged at the federal and local levels.

*** Our Nation's competitiveness and economic strength depends, as it always has, on a strong, free public education system. That system caused neither the demographic, social and economic change that has increased the number of economically disadvantaged individuals in need of job training and basic skills, nor the severity of their needs. That system is key to the solution. For an education-training partnership under JTPA, joint SEA responsibility for resource and result must be assured in amendments to the program.

*** Our nation's educational system, comprised of state and local educational agencies in each state, has a separate institutional base and governance from that of general purpose government. To expect governors alone to connect and integrate that system with job training and other networks in the states is akin to asking mayors or county commissioners to coordinate education without the participation of school superintendents and local school boards.

*** Coordination and integration of services tends to occur at the programmatic level, between and among persons responsible for administering and implementing programs. While a single advisory committee and a unified plan for related programs can facilitate policy oversight and coordination, real connection of the state educational and job training systems is achieved by each having designated resources coupled with joint responsibility for performance.

THOMAS F. HARTNETT
COMMISSIONER OF LABOR

STATE OF NEW YORK
DEPARTMENT OF LABOR
GOVERNOR W. AVERELL HARRIMAN
STATE OFFICE BUILDING CAMPUS
ALBANY, NEW YORK 12240

September 28, 1989

The Honorable Augustus Hawkins
Chairman, House Committee on
Education and Labor
2371 Rayburn House Office Building
Washington, D.C. 20515-0529

Attention Ms. Terri Schroeder

Dear Mr. Chairman:

Attached is written testimony addressing specific elements in the Job Training Partnership Act amendments and program. All proponents of the program share similar goals -- improving the employability of individuals, strengthening the work force of this country and developing a better skilled labor force to match the requirements of the jobs that must be filled today and in the work force of the year 2000.

The recommendations of New York State are similar in many instances to those of the Job Training Partnership Act Advisory Committee, as stated in their publication, "Working Capital" and to those advanced in your bill, Senator Simon's bill and the administration bill. They are submitted to you for consideration by the House Committee on Education and Labor.

The proposed allocation process is a substantial improvement over the present process and is of great importance to our State. By targeting resources to the economically disadvantaged, these resources are better directed to those areas where there is the greatest need for JTPA services. However, the Senate provision, which would hold harmless all SDA's at 100% for Fiscal Years 1990, 1991 and 1992, may retard the benefit which is intended by this important improvement.

I applaud the Senate's initiative in creating a program to encourage innovation and coordination at the state level. Access to these funds would help us expand the number of Community Service Centers in New York State more rapidly than we could do otherwise, and will encourage an even greater level of interagency and intergovernmental cooperation. In our existing Community Service Centers, we have made some real inroads to provide coordinated services to our customers. The proposed innovation and coordination grants would increase this type of effort possible in New York State and elsewhere.

In New York State we have used the development of the Community Service Center concept to combine the services of Job Service and Unemployment Insurance functions, and other employment and training-related programs. In these centers, a person can gain access to a variety of services at the same location. In addition, these Centers feature computerized directories of all local support services including training, child care and transportation. We have opened our doors to JTPA staff, Private Industry Councils, Departments of Social Services, Vocational Rehabilitation programs, Literacy Volunteers and community-based organizations which are now part of an integrated service delivery team.

The Lieutenant Governor has led a work group in which we participated, that has reviewed the various proposals to amend the Job Training Partnership Act. He has developed a commentary, which will be forwarded under separate cover. The statewide position expressed by the Lieutenant Governor is consistent with my concerns as the head of the administering agency.

If you require any additional information, please let me know.

Sincerely,

Thomas F. Hartnett

Attachment

cc: Lt. Gov. Stan Lundine
David Gillette

Statement by
Thomas F. Hartnett, Commissioner
New York State Department of Labor
submitted to the
House Committee on Education and Labor
regarding the
Job Training Partnership Act Amendments
September 1989

Thank you for the opportunity to express the support of the New York State Department of Labor to the need for change in the Job Training Partnership Act.

Over the past several months, we have tried to ascertain ways of better serving the needs of our economy, our nation and our work force to meet the requirements of the future. There is no doubt in my mind that what is happening now as we approach the 1990s, will escalate by the turn of the century. We applaud Congress and the Administration for seeking to address these issues in an effective, proactive manner.

On Labor Day 1989, we were inundated with reports on the work force and our status as a nation. The messages were clear -- continuing to be economically sound in the world's economy entails not only an investment in and cultivation of our natural resources and advanced technologies, but more importantly, an investment in our human resources.

We must more efficiently and effectively address the needs of the underclass, the impoverished, the unemployed, the discouraged, and the unskilled. Undoubtedly, JTPA has made some inroads, but now we must call upon it to do more. The needs of our society, our economy and work force are more diversified and require our intensive, immediate attention. JTPA, a program designed to ensure that all of us can overcome our barriers to achievement, must also change if it is to be responsive to these challenges.

New York supports a formula which takes into account the number of people who are economically disadvantaged or depend on Welfare for economic subsistence. We support the distribution of funds to service

delivery areas based 50% on relative number of economically disadvantaged, 37.5% on relative concentration of AFDC recipients and 12.5% on relative number of unemployed. We also support a cap on service delivery areas (SDAs) of 90% hold harmless and 130% stop-gain with no state hold harmless. The New York State Department of Labor also wishes to express its support for other formula proposals which have placed greater weight on the number of those who are economically disadvantaged or Welfare recipients. We commend these efforts but feel that the 100% hold harmless for SDAs, which is included in the Senate bill, may prevent the formula change from improving the targeting of resources for a minimum of three years when the need is more immediate.

Strengthening the Work Force of the Future

No one will disagree with the assessment that the future of our nation depends on how well our young people are prepared in new and emerging technologies and fields. For this reason, it is important that we do not lose our future human resources due to a lack of early intervention. We are obligated to ensure that each and every young person, whether economically disadvantaged, a high school drop-out or an underachiever possess the bare minimum of basic skills necessary to be a productive and independent member of society. Because of the importance that must be placed on helping our young people to succeed, we support the concept of a separate title specifically for youth programs. Representative Hawkins has called for an enhancement of appropriations for a separate youth title, and we applaud his commitment. We support an increase that does not adversely affect other important employment and training programs, but enhances human development overall.

We believe that youth should continue to be defined as those between the ages of 14-21. At least fifty percent of youth served, in other than summer youth programs, should be high school dropouts. To create some flexibility among programs that cannot reach the 50% requirement for out-of-school youth, we request that the SDAs be allowed to apply for a special waiver from the state's governor. This waiver would also be available to those areas that wish to serve youth in the 12-13 age group as part of the regular youth pool.

In-school youth participants must be economically disadvantaged and possess, at least, one of the following barriers to employment including: disability, juvenile offender, substance abuser, parenting or pregnant. Other qualifying factors include those who receive services under Chapter I of the Elementary and Secondary Education Act; are eligible for a free lunch under the National School Lunch Act; are basic skills deficient; are performing two or more years below grade level; limited English speaking; or AFDC recipients. If additional funds are to be made available to the states for youth demonstration programs, this incentive is supported. We emphasize the need not to simply shift money from one kitty to another, but to enhance the program financially so that we can better serve our youth.

Enhancing the Current Work Force

Many working members of the adult population have fallen by the wayside when technologies have advanced and requirements for entry level occupations have increased. In keeping with our obligation to serve those most in need we support an amendment that will place increased emphasis on serving adults with multiple barriers to employment. Eligibility for adult programs should include those who are homeless, disabled, ex-offenders, welfare recipients, high school drop-outs, older workers, those unemployed for longer than six months, substance abusers, persons with limited English proficiency, or persons who are assessed as lacking in basic skills. Each of these is viewed as a significant barrier to employment. We support and recommend that 70% of the participants be both economically disadvantaged and have at least one or more of these barriers to employment. This will ensure that we are meeting our goals to serve those most in need. Veterans, overcoming the obstacles that many continue to face, should also be given special consideration as a group targeted for services.

Recognizing that not all areas will be able to meet the requirements established by the recommendation, we support the inclusion of a waiver whereby SDAs would be allowed to petition the state's governor to abstain from the required 70% served and adjust the percentage requirement to as low as 50% of participants being economically disadvantaged. Additionally, it

is recommended that a 10% window for non-economically disadvantaged participants be allowed if they have two or more barriers to employment. Displaced Homemakers and older workers should be eligible to be served under the 10% window without having to exhibit additional barriers to employment due to the already existing hardship often experienced by these groups.

Coordination

We support the proposal that extensive formal agreements be established with educational entities and that linkages be established with a wide range of federal programs and local entities. The New York State Department of Labor is equally supportive of other measures that would facilitate coordination of services including:

- providing uniform definitions of eligibility for programs such as JOBS and JTPA, including those relevant to long-term welfare recipients, basic skills, assessment and case management;
- establishing an integrated data collection system, which can be accessed by education, welfare and employment and training providers who serve common target populations;
- establishing a federal interagency group to deal with human resource planning and policy issues. Members should be representatives of the Departments of Labor, Health and Human Services, Education, Commerce and the Immigration and Naturalization Service; and
- extending strong support for non-duplication of services in order to permit the maximum utilization of resources by having agencies such as the employment service, education and training agencies perform those functions they do best.

Innovation and Coordination Grants

We support the proposed addition of Title IIC in the Senate bill which is intended to encourage coordination within states. Along with other states, New York has made significant efforts to coordinate services among agencies

through the development of Community Service Centers. Additional funding to support collaboration of efforts will permit us to further demonstrate the value of such an approach on an expanded basis.

Performance Standards

Performance standards should, in all cases, be based on positive outcomes for participants and not upon the process of the program. For that reason, New York State Department of Labor recommends that greater importance be given to value-added job placements -- those placements that have good career potential, job retention rates and wage standards that allow individuals to become self-sufficient. Services to adults should be oriented toward job placement that will enable participants to achieve long-term employability.

For adults, the goal is a job. For youth, the primary objective is more diverse and can include a combination of educational attainment: by encouraging youth to stay in school, return to school or obtain a General Equivalency Diploma, or obtain vocational training or employment skills that will lead to independent living. Other goals of youth programs should include, but not require, skills that improve reading comprehension, written and oral communications, computation and problem-solving to a level as close to that of a high school graduate as possible or, at the very least, improved to a standard appropriate for long-term employment.

Private Industry Council

Regarding the composition of the Private Industry Council, we support the following: maintaining the present majority representation of business, increasing the representation of labor and community-based organizations, providing for representation of a full-range of education agencies and public assistance agencies. These changes will facilitate coordination at the local level.

Conclusion

We appreciate the opportunity to express the concerns and support of the New York State Department of Labor to the proposed amendments to the Job Training Partnership Act. The nation is at a critical turning point as we seek to keep our labor force strong and vital. We commend you for your efforts.

21-276 O - 90 - 15

STATEMENT

OF

THOMAS SOBOL

PRESIDENT OF THE UNIVERSITY OF THE STATE OF NEW YORK

AND

COMMISSIONER OF EDUCATION

TO

THE EDUCATION AND LABOR COMMITTEE

ON H.R. 2039

THE JOB TRAINING PARTNERSHIP ACT

AMENDMENTS OF 1989

September 27, 1989

Representative Hawkins, and members of the Education and Labor Committee, I am pleased to have the opportunity to submit testimony regarding the role of state and local education agencies in the implementation of the Job Training Partnership Act. The issue of workforce preparation and what the educational system can do to ensure that persons outside the workforce gain the skills needed for productive, long term employment, is of great concern to the New York State Education Department and to state and local educational agencies all across the country. In this regard, I urge you to maintain the current law 8-percent education set-aside and to amend the 8-percent language to support amendments to the JTPA program.

New York State's 8-percent program has, since 1983, been directed primarily towards providing basic skills training for youth and adults and school-to-work transition programs for at-risk youth. Our experience has shown that by providing basic skills training either prior to or concurrent with vocational training, persons with basic skills deficiencies can participate in job training leading to meaningful employment. Without this basic skills component, these persons could not take advantage of most of the advanced training programs, which often require an eighth grade or higher reading level. These individuals, if they are served at all, generally receive short term "on-the-job training" which provides little in the way of knowledge and skills development that prepares people for long term productive employment and careers. As a result, job placements are often in "dead end" jobs with little chance for advancement, hence the high rate of attrition from the labor force.

In addition to providing educational services, the 8-percent program has the potential to serve another valuable function. It can link the employment and training system with the extensive resources available to the educational system in a coordinated fashion. By doing so, JTPA participants can take advantage of a range of programs that provide services such as basic skills training, English as a second language and employability skills training, without cost to the employment and training system and without needless duplication of services.

The New York State Education Department has used 8-percent funds in four program areas, outlined below:

BASIC SKILLS PROGRAMS FOR YOUTH AND ADULTS

Of the 8-percent funds that are used for Service Delivery Area programs, 67 percent support basic skills programs for youth and adults. These programs enable persons to participate in the JTPA program even though they lack the ability to read, write or perform computational tasks at a level needed to successfully complete occupational training. Consequently, these funds allow the SDAs to reach out to the most in need segment of the eligible population without adversely affecting their performance standards.

SCHOOL TO WORK TRANSITION PROGRAMS FOR AT-RISK YOUTH

These programs, which are required to enroll at least 50% disadvantaged youth, target those individuals who are determined to be most likely to "fall through the cracks." Approximately 33 percent of 8-percent funds supporting SDA programs are used for these programs. Typically, participants are in-school youth who will probably fail to graduate, or those who have already dropped out and need assistance in entering employment or an alternative education program. In these programs, a range of services and funding resources available in the community are coordinated to address the myriad problems that these individuals generally face.

EMPLOYER SPECIFIC TRAINING

In this program, 8-percent funds are used in conjunction with four other State and federal funding sources to support programs specifically designed to meet the training needs of employers. The 8-percent funds enable unemployed persons with barriers that prevent their smooth transition into the labor force to be trained for specific job openings. These programs may be done in conjunction with or subsequent to basic skills training and often provide support services to help the individuals to complete training.

SPECIAL INITIATIVES

In addition to the ongoing programs described above, 8-percent funds are used to support special initiatives addressing particular issues. The focus of these initiatives is decided upon jointly by the Job Training Partnership Council and the State Education Department. Model programs are developed and evaluated to examine the effectiveness of innovative approaches to emerging problems. Successful program models are disseminated for possible replication throughout the State. These initiatives have focused on areas such as: the provision of a range of services to specific at-risk populations; innovative approaches to combine 8-percent funds with other resources; the use of technology to serve at-risk populations; use of schools as community sites; and the provision of education and training services in areas of the State identified as economically and socially distressed.

During the four year period 1984-88, these 8-percent programs served a total of 27,757 different participants in New York State. Fifty-two percent of these participants were youth, and 48 percent were adults. Almost in reverse to national statistics for the JTPA program as a whole, 63 percent of all participants in New York's 8-percent program were high school dropouts. Of the remaining participants, 23 percent were in-school, at-

risk students and only 14 percent were high school graduates. Additionally, of the 27,757 participants, 75 percent were public assistance recipients and 57 percent were members of minority groups. Clearly the 8-percent program in our State assisted educational providers and service delivery areas to reach the target populations intended by Congress to be served under JTPA.

In terms of performance, New York's 8-percent had a 68 percent positive termination rate, which broke out as follows:

- o 25% entered unsubsidized employment
- o 29% entered other education or training programs
- o 34% received a GED or high school diploma
- o 12% had other positive results

The cost per participant in the program was $918 and the cost per positive termination $1350. These costs, low by JTPA standards, I believe can be attributed to the efficient use of facilities, staff and resources available in the educational system.

There are two particular program initiatives I would like to highlight as ones in which JTPA 8-percent funds are combined with other sources of State and federal funds, to create innovative programs for disadvantaged youth and adults.

THE SUMMER TRAINING AND EDUCATION PROGRAM (STEP)

The Summer Training and Education Program is a demonstration program sponsored nationally by Public/Private Ventures (a non-profit organization based in Philadelphia), combining two summers and a school year for education remediation, work experience and life skills education for 14 and 15 year olds. The program is unique in that it weaves together these three program elements for a continuum of services during the preceeding summer, the full school year, and the following summer. By having the leverage to combine JTPA 8-percent funds with Vocational Education Act funds, our State Education Department was able to join in a consortium with our State Departments of Labor and Social Services, our State's Association of Counties and our State's SDA organization. New York State was then designated as a field test site for the STEP program. To date, five locations in New York State have successfully operated the STEP program.

ADULT CENTERS FOR COMPREHENSIVE EDUCATION AND SUPPORT SERVICES (ACCESS)

This initiative is a joint effort between the State Education Department and the Department of Social Services to expand educational opportunities for public assistance recipients. Although just implemented early this year, the program was highlighted in the August edition of the National Governor's Association "Labor Notes" as an innovative measure to meet the requirements of the JOBS program mandated in last year's Welfare Reform Act.

The purpose of an ACCESS Center is to provide access to a full range of support services to disadvantaged adults including welfare recipients, persons in need of basic skills remediation, legalized aliens and others in need of English language instruction, the unemployed, dislocated workers, displaced homemakers, currently employed workers needing basic or vocational skills upgrading, disabled adults, and older adults.

An ACCESS Center provides a wide range of educational and training programs, counseling, assessment and support services at one central location to meet the education, training and retraining needs of a wide range of disadvantaged adults. The center is open morning through evening six days a week throughout the year and serves as a major training resource for business, industry and labor. Central intake, record keeping, assessment and career services assure ease of access for participants to various program components.

Combining JTPA 8-percent funds with Vocational Education Act, Adult Education Act and funds made available through our State's Department of Social Services, we have established eight ACCESS Centers at locations all across New York State.

Other state education agencies all across the country have also been active in using JTPA 8-percent funds to support innovations, coordination and linkages. In a recent position statement jointly prepared by a number of state education agencies, four particular uses of 8-percent funds were highlighted. They are:

1. State education agencies have used the 8-percent set-aside to leverage funding from other sources. In Wisconsin, 8-percent funds have been supplemented with funding from the Carl D. Perkins Vocational Education Act, vocational rehabilitation, adult basic education, welfare, and other programs to pilot four Job Centers. The Job Centers promote "one stop shopping" for education and training services. Also in Wisconsin, JTPA 8-percent funds are used as a catalyst to bring about institutional change in how schools serve at-risk youth. In Florida, 8-percent funds have leveraged

more than $22 million from other federal and state sources. Notably, a substantial number of states are using 8-percent funds to keep at-risk youth in school.

2. State education agencies have played a key role in brokering educational technology for local service delivery agents. Nebraska and Tennessee have used local community colleges to establish assessment centers for JTPA client intake and assessment. Iowa and Oklahoma have used 8-percent funds to support unique educational programs in their states' correctional facilities. Michigan's Family Employability Development materials are being used to improve family literacy. Minnesota will provide customized training and educational services through satellite to the state's 17 Service Delivery Areas.

3. State education agencies have used 8-percent funds to support the states' educational reform initiatives. More than 45 state legislatures have instituted wide-ranging educational reforms to improve the nature and character of the states' educational systems. In Arkansas, students who do not pass the new state competency examination are served in a special program to remediate their deficiencies. The 8-percent set-aside funds are used to support Arkansas' priority to assure that their youth successfully complete their high school education. Similar efforts are underway in Florida and Texas. Virginia's set-aside has been used to develop and implement a computer assisted instructional program to remediate basic skill deficiencies.

4. State education agencies have pioneered experimental educational programs which serve as a feeder system for the much larger Title IIA program managed by service delivery agents. Illinois' special program to provide basic and technical skills to public housing residents illustrates this unique feature of the JTPA 8-percent set-aside. Many disadvantaged youth who were served in this program are now being served with funding from the Mayor's Office of Employment and Training, the Chicago SDA. Arizona has used set-aside funding to remediate basic skill deficiencies for criminal offenders preparing them for work in the state's technical centers. When released, these clients are served by local SDAs. In New York, 8-percent funds have been combined with vocational education, adult education and state funds to establish more than 30 on-site child care centers at locations where welfare recipients receive literacy and occupational training.

Also from a national perspective, the National Center for Research in Vocational Education at the University of California, Berkeley, in April of this year issued a report entitled, Innovation Versus Turf: Coordination Between Vocational Education and Job Training Partnership Programs. Based on extensive visits to seven states and 20 other states interviewed, the report reached a number of positive conclusions regarding state use of 8-percent funds, including the following:

- "In general, we found relatively little evidence of duplication; the common fear that vocational education and JTPA programs duplicate each other seems unfounded." (p.2)

- "The principal positive incentive consists of the 8-percent funds, a set-aside from each state's allotment that states may use to establish cooperative programs and agreements between JTPA programs and education agencies. These funds, in some ways less constrained than other revenues from JTPA and the Perkins Act, have supported a wide variety of models, prototypes, and pilot programs that might not otherwise have been supported." (p.2)

- "However, vocational educators and JTPA administrators alike agree that the 8-percent funds have been important in fostering better cooperation and in generating novel approaches. From this viewpoint, it would be unwise to eliminate the 8-percent set-aside." (p.41)

H.R. 2039 would target services to the most-in-need, require localities to serve persons with basic skills deficiencies in greater numbers, and create year-round programs for at-risk youth, with the emphasis on dropouts and dropout prevention. The 8-percent program, as maintained in the bill, can play a critical role in helping to accomplish the goals of these amendments. However, I believe the current 8-percent program can be strengthened by targeting its program activities to match and support the goals of the amended JTPA program under H.R. 2039.

The proposed JTPA amendments, though they differ in many respects, place emphasis on the following areas:

1. Improving services to at-risk youth by operating longer-term, year-round, multi-year programs that link work experience and education, and summer and regular school year programs.

2. Serving more severely disadvantaged adults who have significant basic skills deficiencies by operating longer-term educational programs that recognize milestones (such as skills acquisition) other than job placement.

3. Improving the quality, effectiveness and accountability of programs, so that they result in longer-term placement for participants in viable, productive employment.

Recommendations

Each of these emphases calls in its own way for a strong working relationship and partnership between the educational system and the employment and training system.

1. In order to offer year-round coordinated programs for at-risk youth, JTPA efforts will need to be closely coordinated with remediation and other efforts to support at-risk youth which are offered by regional and local education agencies. This should involve coordinated curricula and instruction, the transfer of student records between schools and JTPA-sponsored programs, and working with school administrators, counselors and teachers to enlist their support for and cooperation with joint efforts.

2. In order to more fully serve disadvantaged adults who require more extensive basic skills instruction, linkages and partnerships will need to be forged with literacy and other educational programs available to adults through schools, area vocational centers and community colleges. These linkages and partnerships not only will tap into and make more efficient use of available federal, State and local funds, but also will take advantage of the expertise in curriculum, instruction and testing that is available in the educational system in the area of literacy and other adult education programs.

3. In order to improve the quality of instruction in education and training programs, efforts will need to be mounted in the areas of curriculum development, instructional innovations, assessment procedures, teacher training, research into effective instructional practices, and the validation and replication of effective curriculum and instruction.

These relationships, partnerships, linkages and services call for a strong role for the state education agency in each state. The roles and responsibilities of the state education agency would fall under the three areas set forth above, namely:

1. Coordination with in-school programs to serve at-risk youth.

2. Coordination with literacy and other adult education programs to serve adults who need basic skills instruction, especially public assistance recipients.

3. Instructional program improvement efforts in the areas of curriculum, instruction, assessment, teacher training, research, validation and replication of effective instructional programs.

To carry out this proposed focusing of 8-percent activities, I suggest that language be incorporated in Section 123 to provide that up to 20 percent of available funds be used for: development of curricular and instructional materials, test development, training for instructors and those involved in educational assessment, technical assistance to SDAs in the areas of instructional program improvement and the establishment of cooperative relationships with educational agencies, and the organizing of regional consortia of educational agencies to provide easier access to educational programs and services. In addition, I recommend that not less than 80 percent of available funds be used for: pilot testing of new and innovative assessment procedures and education and training programs, for demonstration programs involving high start-up costs, for specialized high cost education and training programs that SDAs have difficulty supporting on their own, and for education and training programs where JTPA dollars are combined with funds from other federal, state and local sources, such as the Vocational Education Act, the Adult Education Act, and the Vocational Rehabilitation Act.

I believe that by targeting the 8-percent program in such a manner, the aims of the State Education Coordination and Grants program will be better served and at the same time the renewed emphasis on the most-in-need will be better supported. I thank you for the opportunity to include this statement as part of the hearing record on H.R. 2039.

STATEMENT OF DWIGHT A. YORK, STATE DIRECTOR
WISCONSIN BOARD OF VOCATIONAL, TECHNICAL AND ADULT EDUCATION
REGARDING THE JTPA 8-PERCENT STATE EDUCATION SETASIDE

Vocational training projects in Wisconsin's two-year technical colleges supported by Job Training Partnership Act 8-percent funds setaside for public education agencies have had outstanding success. As a provider of programs supported with 8 percent funds, we have not only maximized the impact of these dollars by coordinating them with other resources to achieve greater value for the dollar, but have also directed assistance toward the most disadvantaged.

In Wisconsin, half of the 8 percent setaside assists youth and young adults in the technical colleges and half serves high school youth. Here are some examples of current technical college activities that are funded by 8-percent monies:

- Training and coordination of programs for youth dropouts by Milwaukee Area Technical College and eight Community Based Organizations;
- Training of rural poor caught in the continuing farm crisis;
- Targeted training of minorities, both youth and adults;
- Training for single female heads of households, primarily recipients of Aid to Families with Dependent Children, enabling them to enter the labor market;
- Serving those identified to receive federal assistance through job service, vocational rehabilitation, vocational education, and the local Private Industry Council at one-stop Job Centers.
- Training JTPA eligible participants in activities coordinated with small and minority businesses.

The education agency setaside has also provided a needed and useful structure for working with JTPA staff, and for coordinating activities serving economically disadvantaged individuals. Coordination of these efforts by the major institutions responsible for delivering services to disadvantaged individuals is clearly in the public interest and should be continued.

Experience in Wisconsin bears out the National Center for Research in Vocational Education finding that the programs supported with 8-percent funds have not only encouraged coordination but have "stimulated programs and experiments that would never have been established without this setaside." (See NCRVE. Innovation Versus Turf: Coordination between Vocational Education and Job Training Partnership Act Programs, April 1989, p.19.) It is also noteworthy that few other arrangements or procedures for achieving coordination have worked.

The objectives of committee members -- that coordination of employment training be improved and that federal dollars be spent carefully to produce the best results -- will be realized through continued effective use of the teachers, counselors and facilities of public education in JTPA programs. I believe the current language in Section 123, and in Chairman Hawkins bill, H.R. 2039 ensures that these objectives will be achieved. In addition, this language reinforces measures to improve the coordination of federal education for employment programs now under consideration by the Congress in Carl D. Perkins reauthorization bills.

For these reasons I respectfully urge the members of the Committee on Education and Labor to support H.R. 2039 by Chairman Hawkins. The Hawkins amendments will make it possible for established public education institutions to continue to serve economically disadvantaged individuals in exemplary programs. It will also ensure that the successful process Congress has established for achieving state level coordination of employment training and vocational education programs will continue.

603:c:0

STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

September 28, 1989

The Honorable Augustus Hawkins, Chairman
Committee on Education and Labor
Rayburn House Office Building 2181
Washington, D.C. 20510

Dear Representative Hawkins:

This letter is in reference to the proposed 1989 JTPA Amendment. Section 123, the Education and Coordination Grants portion of the Act, as you are aware, is in jeopardy of being deleted. As Superintendent of Education in Louisiana, I am requesting your continued support to retain the Job Training Partnership Act eight percent set-aside.

Louisiana has one of the highest unemployment and illiteracy rates in the nation. The eight percent set-aside is vital to Louisiana's economic growth and development. The coordination and oversight responsibilities prescribed in Section 123 of the Act has enabled Louisiana to implement numerous statewide remediation programs. This effective coordination of education programs is needed now more than ever. It will not only ensure continued success of the current legislation, but will also coordinate the education component of the JOBS and Welfare Reform program. I would ask, in addition, that you make the attached fact sheet a part of the testimony that took place on September 20, 1989, before the House.

Louisiana needs your continued support on all efforts to maintain Section 123 of the JTPA program. I greatly appreciate your assistance.

Sincerely,

Wilmer S. Cody
State Superintendent of Education

WSC:dh

Attachment

c Louisiana Congressional Delegation

"An Equal Opportunity Employer"

JTPA EIGHT PERCENT PROGRAM
FACT SHEET

1. Louisiana 2000, developed by Louisiana Task Force on Economic Growth made recommendations to stimulate Louisiana's Economic Growth. Throughout its report the need to improve Louisiana's basic educational skills to increase workforce literacy and productivity was reiterated.

2. The Louisiana Department of Education has received almost $23 million in JTPA funds for Education Coordination and Services since the program's inception. With the State Match requirement the amount of money available for eligible JTPA participants totaled approximately $46 million. Should JTPA 8 Percent be eliminated as proposed in the current amendments, this state level match formula would not be available to generate increased program funding.

3. The Louisiana Department of Education JTPA 8 percent program served 3,959 participants in Fiscal Year 87-88 and 4,441 participants in 1988-89.

4. Listed below are some of the types of programs funded Fiscal Year 88-89:

   * Adult Basic Education
   * GED Preparation
   * Academic Skills Building for High School Students at Risk (Dropout Prevention)
   * Academic Enhancement Programs for Inmates
   * Basic Skills Building through Pre-Employment Training
   * After School Tutorial Programs
   * Remedial Instruction for both High School and Vocational School Students
   * Prevocational Remedial Instruction
   * Basic Skills Training for Parents of Head Start Children
   * Computer Based Reading Programs

5. Approximately 75 percent of Welfare recipients will need basic remediation instructions prior to being trained for a specific job skill. Mandated state level oversight would ensure the availability of state and local resources to provide necessary education for all participants served.

6. As emphasized in Governor Roemer's statement of goals and objectives for employment and training, submitted to the U.S. Department of Labor in May 1988, intensive basic and remedial education services must be provided to JTPA eligible adults and youth to facilitate their entry into unsubsidized employment. This was listed as the first "priority for the use of State Education Coordination and Grants funds," JTPA 8 Percent.

7. In order to coordinate the Literacy Initiative, Economic Development and Growth, Welfare Reform "JOBS" Program and JTPA, it is crucial that Education oversight be provided at the state level. This oversight would involve recruitment and intake, certification, testing and assessment, counseling, motivational training, and Basic Remedial Education prior to specific skill training.

8. The Department of Education has a wealth of information and resources in the Division of Research and Development, Special Education Services, Adult Education, and Student Services concerning specific areas of educational needs within the state. Also available is information on prescriptive programs that can meet particular educational needs. The Department of Education should therefore be the administering agency to provide the oversight necessary for the success of this program.

9. Historically since the inception of the Manpower Development and Training Act of 1964, education has been a mandated component with state level oversight. There is no clear written guidelines concerning education coordination and oversight in the proposed amendments. Without this state level coordination, we can not ensure statewide implementation and conformity with the intent of the Act.

10. The proposed amendments emphasize the need for more education services, but at the local level only. It is imperative for the success of the program that state level coordination be mandated to ensure that rural communities are able to have the same resources available to them as their urban counterparts.

STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
P.O. Box 30008
Lansing, Michigan 48909

DONALD L. BEAMS
Superintendent
of Public Instruction

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GOV. JAMES J. BLANCHARD
Ex Officio

September 18, 1989

The Honorable Augustus F. Hawkins
Chairman, U.S. House Committee on
Education and Labor
2181 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Recent amendments to the Job Training Partnership Act (JTPA) proposed in H.R. 2039 are of strong interest to the Michigan Department of Education. As the state agency administering the JTPA 8% Education Coordination and Grants Program, we are full partners in our state's employment and training system. The current 8% set-aside for Education under JTPA has made it possible for us to engage in this partnership and to provide statewide training programs for thousands of disadvantaged youth and adults. We support the retention of the 8% set-aside in H.R. 2039 and request this letter be included as testimony regarding those amendments.

The Michigan 8% program has a strong focus on skill training and employment services for youth and adults. It also provides basic education and training services for "hard-to-serve" adults who require a longer period of time to prepare for employment. The 8% funds are also used to fund Michigan's effort to prevent disadvantaged high school students from dropping out of school. Michigan Adult Education programs, administered by the Michigan Department of Education, are the major providers of basic education and literacy programs. Our pre-employment programs are exemplary, and are combined with life-skills training and self-esteem building. An example of an innovative program is the Family Employability Development Plan where a high rate of success has been experienced in helping families remove themselves from welfare.

In each of our Service Delivery Areas (SDAs), the education sector works closely with human services and labor to provide a full flow of activities for clients from initial intake and assessment, through training and pre-employment skills training, to job placement.

The JTPA 8% set-aside has made it possible for the education sector to leverage resources from adult education, vocational training, literacy and other areas which have enabled Michigan to develop an exciting new employment and training system. The system is comprehensive and avoids duplication. The strong leadership role of the Michigan Department of Education in the development of this system has depended upon JTPA 8% funds for implementation. By combining these funds with our other resources, education has been able to join with the welfare and labor systems in the state to provide appropriate education and occupational skills training for disadvantaged people. Our successes in helping our citizens obtain employment are significant and a point of pride.

The Honorable Augustus Hawkins
September 18, 1989
Page 2

We have in place a system which will work well under the new focus outlined in H.R. 2039, targeting services to the at-risk and those most in need. Our State Literacy Program is working well and the new JOBS Program is coordinated with education and the employment and training system. State Vocational Education and Rehabilitation Services and community college sectors are full partners in this effort. In each of the 26 SDAs in the state, core groups representing local education, welfare, labor, and business sectors are part of a statewide planning process that has as its focus the unemployed and disadvantaged citizens of the state. These core groups are part of the statewide Human Investment System; and one of its key players is the Michigan Department of Education.

To continue the excellent work which has been accomplished over the past few years, it is essential that the JTPA 8% set-aside be retained in order that the state educational agency continue to play a coordination and leadership role in the delivery and integration of employment and training activities in the state.

This coordination and leadership role has included: 1) the development of new and innovative programs, 2) facilitating a cooperative relationship between local area educators and SDAs, 3) monitoring grants to educational agencies for their adherence to JTPA rules and regulations, 4) developing local Designated Educational Planning Entities (DEPEs) or educator councils which serve in an advisory capacity to local Private Industry Councils (PICs), 5) facilitating the statewide human investment system, 6) leveraging of educational resources at state and local levels, 7) hosting workshops which bring together educators and JTPA agency staff to strengthen local and state partnerships, and 8) bringing educational leadership into the planning process for employment and training at the state level.

Again, I urge you to support the retention of the 8% set-aside and appreciate the opportunity to provide you with information about Michigan's partnership.

Sincerely,

Donald L. Beals

Donald L. Beals

Minnesota Technical Institute System

State Board of Vocational Technical Education

Capitol Square Building 550 Cedar Street St. Paul, MN 55101

Campus Locations

ALBERT LEA
ALEXANDRIA
ANOKA
AUSTIN
BEMIDJI
BRAINERD
BROOKLYN PARK
CANBY
DETROIT LAKES
DULUTH
EAST GRAND FORKS
EDEN PRAIRIE
EVELETH
FARIBAULT
GRANITE FALLS
HIBBING
HUTCHINSON
JACKSON
MANKATO
MINNEAPOLIS
MOORHEAD
PINE CITY
PIPESTONE
RED WING
ROCHESTER
ROSEMOUNT
ST. CLOUD
ST. PAUL
STAPLES
THIEF RIVER FALLS
WADENA
WHITE BEAR LAKE
WILLMAR
WINONA

September 18, 1989

The Honorable Augustus F. Hawkins
Chairman, House Education and Labor Committee
Room 2181, Rayburn House Office Building
Washington, D.C. 20510

Dear Congressman Hawkins:

The Minnesota State Board of Vocational Technical Education strongly supports the continuation of education coordination as contained currently in H.R. 2039 Job Training Partnership Act Amendments of 1989. We respectfully ask that our support letter be included in the record at the House Committee Hearing this week.

The 8% JTPA funds have been used effectively in Minnesota to assist disadvantaged and handicapped youth in coordination with Title IIA and summer youth programs. Special programs have been established for welfare recipients as well as projects for alcohol and drug counseling. The flexibility of the 8% set-aside has stimulated many new approaches to serving disadvantaged youth and adults. The Career Planning/Job Seeking program for handicapped youth in Brainerd, Minnesota, cooperatively funded with 8% JTPA, received national recognition as one of the most outstanding programs in the United States for handicapped youth.

Enclosed is a position statement from a number of states on the impact of the JTPA 8% funds. The set-aside to allow State Education Agencies to continue to be a driving force to coordinate the education system should not be minimized in future legislation.

Sincerely,

Joseph P. Graba
State Director

JPG/AV:ja

Enclosure

cc: Minnesota Congressional Delegation

An Equal Opportunity EDUCATOR and EMPLOYER

POSITION STATEMENT

OF

STATE EDUCATION AGENCY REPRESENTATIVES

ON

AMENDMENTS TO THE JOB

JOB TRAINING PARTNERSHIP ACT (P.L. 97-300)

September, 1989

Introduction

This position statement is intended to provide a summary of various professional views concerning amendments to Public Law 97-300, the Job Training Partnership Act (JTPA). Representatives of state education agencies (SEAs) have conducted an intensive review of the purposes, outcomes, and proposed changes for that portion of JTPA legislation which allows the Governor to retain a portion of Title IIA of each state's JTPA allotment for state educational programs. While commendable in their intent, current proposals before the Congress to amend the JTPA legislation could be improved. Further, appropriations should be increased to meet the demands for serving targeted populations specified in the proposed amendments.

Recent Reports

A report recently released by the National Center for Research in Vocational Education (1989) summarizes the use of the 8-percent set-aside for SEAs. In its introductory statements the National Center report notes:

> "Given the almost complete lack of information on the effectiveness of different education and training programs in promoting employment for their students and clients, there is no strong evidence at this point to justify many of the most thorough proposals to revamp the coordination requirements in either the Perkins Act or JTPA." (pg 4-5)

Researchers for the National Center note the importance of maintaining a set-aside of the state's basic training allotment to allow SEAs to continue their role in coordinating education and job

training programs. The National Center's report concludes as follows.

> "Overall, however, our interviews produced a general agreement at both the state and local levels that the 8-percent funds have stimulated progress and experiments that would never have been established without this set-aside. A variety of institutions, including adult schools, high schools, community colleges, and technical institutes, have participated in JTPA that would never have otherwise come into contact with the job training system. . . ." (pg.19)

Other recent reports have addressed the important need to improve the acquisition of basic and technical skills for new and existing workers. Reports such as the American Society for Training and Development's Workplace Basics: The Skills Employers Want and the JTPA Advisory Committee's Working Capital: JTPA Investments for the 90's make it clear that the nature and character of the job training system must provide for quality education and training. To be sure, America's future will depend in large part on the preparation of workers--many of whom will not attend college.

The sum and substance of these reports, and others, encourages the states' education community to continue its' upward trend of more rigorous study of the basics, e.g., reading, writing, mathematics. Clearly, SEAs must continue to play a key leadership role to effect significant educational gains for students--including JTPA clients.

Unique Features of the 8-percent Program

In their deliberations, SEAs have identified several unique features of the current JTPA 8-percent set-aside. Several examples are provided to illustrate the use of the 8-percent allotment.

1. State education agencies have used the 8-percent set-aside to leverage funding from other sources. In Wisconsin, 8-percent funds have been supplemented with funding from the Carl D. Perkins Vocational Education Act, vocational rehabilitation, adult basic education, welfare, and other programs to pilot four Job Centers. The Job Centers promote "one stop shopping" for education and training services. Also in Wisconsin, JTPA 8-percent funds are used as a catalyst to bring about institutional change in how schools serve at-risk youth. In Florida, 8-percent funds have leveraged more than $22 million dollars from other federal and state sources. Notably, a substantial number of states are using 8-percent funds to keep at-risk youth in school which creates income for the school by increasing their average daily attendance.

2. State education agencies have played a key role in brokering educational technology for local service delivery agents. Nebraska and Tennessee have used local community colleges to establish assessment centers for JTPA client intake and assessment. Iowa and Oklahoma have used 8-percent funds to support unique educational programs in their states' correctional facilities. Michigan's Family Employability Development materials are being used to improve family literacy. Minnesota will provide customized training and educational services through satellite to the state's 17 Service Delivery Areas.

3. State education agencies have used 8-percent funds to support the states' educational reform initiatives. More than 45 state legislatures have instituted wide-ranging educational reforms to improve the nature and character of the states' educational systems. In Arkansas, students who do not pass the new state competency examination are served in a special program to remediate their deficiencies. The 8-percent set-aside funds are used to support Arkansas' priority to assure that their youth successfully complete their high school education. Similar efforts are underway in Florida and Texas. Virginia's set-aside has been used to develop and implement a computer assisted instructional program to remediate basic skill deficiencies.

4. State education agencies have pioneered experimental educational programs which serve as a feeder system for the much larger Title IIA program managed by service delivery agents. Illinois' special program to provide basic and technical skills to public housing residents illustrates this unique feature of the JTPA 8-percent set-aside. Many disadvantaged youth who were served in

> this program are now being served with funding from the Mayor's Office of Employment and Training, the Chicago SDA. Arizona has used set-aside funding to remediate basic skill deficiencies for criminal offenders preparing them for work in the state's technical centers. When released these clients are served by local SDAs. In New York 8-percent funds have been combined with vocational education, adult education and state funds to establish more than 30 on-site child care centers at locations where welfare recipients receive literary and occupational training.

These examples are by no means all inclusive. SEAs have identified hundreds of examples where educational policies have been modified to benefit JTPA clients.

An Established Infrastructure

The Congress has contributed to the development of education and training services for the states' youth and adults. The Congress wisely established an infrastructure through Public Law 97-300 which allows for a direct, active relationship between that state education agency, the state human resource development agency and local service providers. That infrastructure allows the SEA to leverage vocational education and adult education funding to benefit JTPA clients.

State education agencies are by their very nature involved in interactions between the local school and JTPA communities, e.g., administrators, teachers, ancillary staff, parents and community members. State representatives have been instrumental in altering instruction, curriculum, assessment, and administration to accommodate the unique needs of JTPA clients.

REFERENCES

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Job Training Partnership Act Advisory Committee. Working Capital: JTPA Investments for the 90's. Washington, DC: JTPA Advisory Committee, March, 1989.

Florida Department of Labor and Employment Security
Office of the Secretary

Bob Martinez
Governor
Hugo D. Menendez
Secretary

September 28, 1989

The Honorable Augustus F. Hawkins, Chairman
Committee on Education and Labor
U. S. House of Representatives
2181 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for allowing me to submit this written testimony as part of the official hearing record on the Job Training Partnership Act (JTPA) Amendments of 1989. Please also allov me to express, on behalf of Governor Bob Martinez and the citizens of Florida, our gratitude and admiration for the work you and your colleagues have undertaken over the years on JTPA and related laws.

We in Florida are quite proud of our accomplishments under JTPA. We have been able to institute a number of innovations since the Act began in 1983, including being the first state to require statewide joint planning between the Job Service and JTPA, various research and development activities, the creation of model partnerships between JTPA and the Job Service, between JTPA and Florida's "Project Independence" (welfare reform) program and the like.

When the various JTPA amendments were proposed, we convened meetings of all concerned organizations in our statewide training and employment partnerships to discuss Florida's position on the JTPA amendments.

The Berkeley Building, Suite 200 - 2590 Executive Center Circle, East - Tallahassee, Florida 32399-2152 - Phone 904/488-4398

We have also worked with the Administration and various public interest groups in Washington. Therefore, the comments below reflect not just opinions but also information and recommendations gleaned from these collaborative efforts.

There are several major issues which we believe are essential to the continued improvement of JTPA. These include:

GOVERNOR'S FLEXIBILITY

JTPA was, of course, designed as a Governor's statewide program. The Governors should continue to have optimum flexibility to create and operate the program within federal law and regulations. All funding should flow through Governors. We are concerned that some of the proposed JTPA amendments would provide funding directly to local Private Industry Councils (PICs) and Service Delivery Areas (SDAs). This could seriously undermine the Governor's flexibility, which has been a key success factor in JTPA.

STATE/LOCAL FLEXIBILITY

Within the Governor's program, State/local partnerships and flexibility should be continued. The PICs are a major reason for the success of JTPA and the PIC/local elected official partnership should continue to be given the kind of authority they enjoy now. The PIC composition should remain as it is, with the added proviso for welfare, vocational

rehabilitation, and educational membership. We already have this in Florida.

SET-ASIDES

We support the elimination of set-asides where these would be used for required funding of separate organizations or categorical groups. This is in line with the statements above on state and local flexibility. We know that there are many deserving categories of citizens in need of help. We are favorably disposed to further emphasis on awards that serve these groups. However, the situation in every state and every locality can vary so greatly that the successful public/private partnerships existing under JTPA should be allowed to make delivery decisions at the State or local level.

RENEWED EMPHASIS ON AT-RISK YOUTH AND DISADVANTAGED POPULATIONS

We support this renewed emphasis. JTPA should be used as a vehicle, in tandem with such programs as the new Job Opportunities and Basic Skills (JOBS) welfare reform initiatives, to serve at-risk populations most in need of assistance in training and job placement.

We also support the proposition for flexibility in year-round as well as summer youth training and employment programs. As a former educator, I am very concerned that we do all we can to prepare our youth for the increasingly sophisticated work place they will confront in the future.

TESTING AND ELIGIBILITY

While we strongly support efforts to better target assistance to those most in need, we advise that the requirement for participants to experience one or more nationally prescribed barriers to employment, in addition to being economically disadvantaged, can cause real problems. The mix of activities and needy clients will differ, sometimes greatly, across locations. We believe that the Governor, through negotiation and consultation with the PICs and SDAs, should designate barriers to employment in the State for the purpose of determining eligibility for both youth and adults. This determination could be based upon the demographics and specific needs of each area. The Department of Labor would, of course, review and approve the designated barriers through its normal process.

ALLOCATION FORMULA

We support changing the funding formula to more accurately reflect the number of economically disadvantaged in a given area. We are concerned, however, about the validity of the data available on the number of economically disadvantaged at State and local levels. We therefore believe States should be allowed to use local data that can be updated yearly so the allocations are not made on census data that is collected only once every ten years.

FIXED UNIT PRICED CONTRACTING

We oppose the elimination of fixed unit priced contracting. The proposed cost classification requirements will create great disincentives. The elimination of fixed unit priced contracting could once again increase the focus of the system on process rather than outcome. It could create problems for our public/private partnerships, and especially for PIC leadership and businesslike operations. The fixed unit priced contracting system has worked quite well in most states and localities and we believe should be continued, with appropriate control.

YOUTH DEMONSTRATION PROGRAMS

We support the Youth Opportunities Unlimited programs in the Administration's bill. As noted above, we believe that funding for the demonstration programs should be administered through the states rather than directly funded to PICs and SDAs. Research and development are important parts of the nation's efforts to confront the "Workforce 2000" issues.

STATE COUNCILS

We generally support the concept of an expanded human investment council as described in the Administration's proposed JTPA amendments and as provided in the reauthorization of the Perkins Act. However, since our fifty states vary greatly in structure and operations,

we believe that the human investment council should be a Governors' option. Perhaps an approach of funding limited research and demonstration programs in this area for a year or two might be best.

FEDERAL LEVEL COORDINATION

The final JTPA amendments should provide for greatly increased federal level coordination. This might be through a joint committee composed of the U. S. Secretaries of Labor, Education, and Health and Human Services, as well as other concerned organizations.

STATE LEVEL FUNDING

We are in general agreement that adequate overall funding should be provided and that the Governor's program should allow pass through of appropriate funds to PICs and SDAs for operations, eliminating the set-asides for groups or institutions. We are concerned about the proposed reduction in State level administration, especially when parts of the law would require more State action, and reductions from earlier proposals for the "capacity building" funding within each State or incentive funding for SDAs. Adequate levels of funding needs to be maintained for these items. In the case of State level administration, we would oppose any reduction below the current five (5) percent.

METHODS FOR ASSURING THE ACCOUNTABILITY AND QUALITY OF PROGRAMS AND PERFORMANCE STANDARDS

We urge that JTPA's existing planning and review process be more effectively used in combination with legislative directives, to ensure program accountability. As noted above, focus should be on evaluations of outcomes and not process. It is not nearly as important to focus on the distinction between administration and program cost in determining where funding falls in each category of our operations as it is to focus on program performance. For instance, are our training and employment programs effective? Do they get better jobs for our clients? How do they compare with training programs of other private and public institutions? Do people get and keep jobs for the long term? Do incomes significantly rise?

In other words, we need to look at our programs from an investment/return standpoint and not a process control standpoint.

I hope these brief remarks provide some assistance as you and your colleagues consider the amendments. Please feel free to call upon us for assistance at any time.

Sincerely,

Hugo D. Menendez
Secretary

HDM/ljg

The Oregon Private Industry Council, Inc. & The Oregon Consortium

September 27, 1989

Congressman Augustus Hawkins
2371 Rayburn House Office Building
South Capitol Street & Independence Ave. SE
Washington, D.C. 20515

RE: Committee on Education and Labor
Hearing of September 20, 1989
Request for Testimony to be Printed in Official Hearing Record

Dear Congressman Hawkins:

Following the Committee's hearing of September 20, 1989, we received a copy of the written testimony of Gerald W. Peterson, Assistant Inspector General for Audit, Office of Inspector General of the Department of Labor. We understand that all members of the Committee received the written testimony.

We have serious concerns about Mr. Peterson's remarks and therefore request that the attached testimony be printed in the official hearing record of September 20, 1989. It is our understanding that this request assures that our testimony will be printed adjacent to Mr. Peterson's testimony. Our testimony responds directly to comments Mr. Peterson made about The Oregon Consortium and our pending audit by the Office of Inspector General.

We would also like to request an opportunity to address the Committee during a future hearing on proposed JTPA legislation. It's especially important that Committee members are aware of the impact of proposed changes on rural programs.

Would you kindly contact Pat Newport, Communications Manager of The Oregon Consortium regarding the possibility of appearing before the Committee? She may be reached at (503) 928-0241.

Thank you again for including our testimony in the record and considering our request to address the Committee.

Sincerely,

Tom Throop

Tom Throop, Chair
The Oregon Consortium Board of Directors

C. Ray Gould

C. Ray Gould, President
The Oregon Private Industry Council, Inc.

260 SOUTHWEST FERRY, SUITE 102 • ALBANY, OREGON 97321 • 503/928-0241

cc: House Committee on Education and Labor
Congressman William D. Ford
Congressman Joseph Gaydos
Congressman William Clay
Congressman George Miller
Congressman Austin Murphy
Congressman Major Owens
Congressman Charles A. Hayes
Congressman Carl C. Perkins
Congressman Thomas Sawyer
Congressman Donald Payne
Congresswoman Nita Lowey
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Congressman Denny Smith
Congressman Peter DeFazio
Congressman Bob Smith
Congressman Ron Wyden

Gale Castillo, Manager, State Job Training Partnership Act
E. Kay Stepp, Chair, State Job Training Coordinating Council

480

The Oregon Private Industry Council, Inc. & The Oregon Consortium

Statement of
TOM THROOP
Chairman
The Oregon Consortium Board of Directors
and
C. RAY GOULD
President
The Oregon Private Industry Council, Inc.
for the record
of
Committee on Education and Labor
U.S. House of Representatives
regarding
Committee Hearing of September 20, 1989

Mr. Chairman and members of the Committee, we appreciate Congressman Bartlett's request to leave the committee record of September 20, 1989 open for comments regarding the Job Training Partnership Act.

We received the prepared testimony of Gerald W. Peterson, Assistant Inspector General for Audit of the Office of Inspector General, U.S. Department of Labor, delivered before the Committee on September 20, 1989. It is important that we take this opportunity to refute Mr. Peterson's testimony for members of the committee lest they believe, as Mr. Peterson suggests, that state and local JTPA programs are not deserving of the public trust. We take the allegations in Mr. Peterson's testimony seriously, and know that they represent major philosophical issues that could have serious impact on the way JTPA programs nationwide are operated in the future.

We will begin by briefly introducing our organization and explaining our interest in the issues under discussion. We will then offer specific rebuttals to four of Mr. Peterson's statements.

The Oregon Consortium is one of six designated JTPA Service Delivery Areas in Oregon.

260 SOUTHWEST FERRY, SUITE 102 • ALBANY, OREGON 97321 • 503/928-0241

We oversee JTPA programs in 27 of the state's 36 counties, most of which are primarily rural. Because of our design, which emphasizes local control and accountability, we are able to overcome considerable logistic and economic challenges to serve the needy in even our most remote communities. We have received numerous national awards and commendations for our programs.

We recently received the final determination on the State of Oregon's OIG audit of our organization. That final determination questions $39.8 million in program expenditures - the majority of our training budget for the four years we have operated under a fixed unit contracting methodology. Our Governor and State Job Training Partnership Act Administration join us in our counter-charge that the audit findings are completely unjustifiable, and the State of Oregon will be contesting the matter before an Administrative Law Judge.

We will now discuss the comments made by Mr. Peterson in his written testimony.

On the issue of JTPA program management nationwide, Mr. Peterson claims that "accountability at all levels is lacking" and that Congress and DOL have "no ability to comprehensively evaluate the program to determine if its intent is being realized. As a result of this unaccountability, we have encountered numerous situations during our audit work which we believe are abusive." (Page 2)

We believe Mr. Peterson's viewpoint is slanted due to a conflict between the Office of Inspector General and Department of Labor. The design of the Job Training Partnership Act, and its impact on OIG's ability to oversee programs, is at the center of the conflict.

JTPA replaced the Comprehensive Employment Training Act in 1983, with the new funding concept that resources would be granted directly to states. The intent was to encourage local responsiveness, with each Governor determining, within federal

guidelines and standards, how best to utilize the resources. JTPA also allowed states and Service Delivery Areas to use fixed-unit price contracting to reduce paperwork and other overhead costs, and concentrate on service to the needy in each community. Performance standards were developed, to further emphasize outcome over process.

Oregon embraced the mandates of local control and accountability, and created a system of service delivery with strict accountability for public funds at every level. Within The Oregon Consortium, the largest of Oregon's six Service Delivery Areas, we assured appropriate expenditure of funds through a sophisticated oversight process including:

- a 21-member Private Industry Council,
- a Board of Directors with 27 local elected officials
- 14 Local Advisory Groups with more than 150 local leaders.

These 200 volunteers from the public and private sectors represent large and small businesses, a host of human resource programs, minority interests, handicapped groups, all levels of education, at-risk youth, older workers, and dislocated workers. We are committed to assuring JTPA programs that are responsive to the needs of the unemployed in each community. We are actively involved in selecting and monitoring local contractors. And we are accountable to the State of Oregon Job Training Partnership Administration and to Congress for the public funds granted to our 27-county Service Delivery Area. We have, over five years, *earned* the public trust. . .and we are determined to maintain it.

We are proud of our record of accountability. Since The Oregon Consortium was established in 1981, we have managed more than $90 million in federal resources.

There have only been four instances of disallowed costs totaling less than $3000, resulting from unintentional misexpenditures by subcontractors which, due to our aggressive monitoring and debt collection efforts, were promptly identified, reported and repaid.

During the five years of JTPA, we have undergone 69 routine financial and program reviews by State, Federal, municipal, private and internal auditors. Among these is a review of The Oregon Consortium's contracting and other systems, conducted by OIG during 1986-87. Neither that review nor any of the others found problems with the issues being raised by the current OIG audit.

We would add that The Oregon Consortium has always exceeded state and federal performance standards.

Although states and SDAs have responded enthusiastically to their new level of accountability for employment and training funds, OIG has not. This "new federalism" does not fit its customary style of auditing. After five assumedly frustrating years of overseeing the wide variety of state-designed programs, OIG is anxious for a return to a traditional top-down bureaucracy, where everyone conforms to a singular federal vision. Testimony like Mr. Peterson's is targeted at influencing amendments to the Job Training Partnership Act, in a way that would substantially undermine Congress's original intent.

With audits like that of The Oregon Consortium, OIG intends to discredit JTPA and its philosophy of local accountability. It is important to point out that in the eight-month audit resolution process, OIG has never contacted one of those 200 public and private sector volunteers in our organization charged with oversight of local programs.
The very representatives Congress put in charge of the program have been completely excluded . . . .and then accused of failing in their duty. Accountability at this level

is not lacking; it is only being ignored and discounted by OSG.

Mr. Peterson says of The Oregon Consortium, "Our audit of The Oregon Consortium. . .disclosed that the Consortium does not require or evaluate contractor cost and price information. Accordingly, they have no valid gauge of a reasonable unit price." (Page 2)

In fact, an elaborate and thorough process for price analysis has been an important part of our business practices as long as we have been operating fixed-unit price contracts. Our files contain extensive cost and price analyses consistent with State of Oregon policy, which itself closely mirrors OMB circular A-102. As stated in a September 15, 1989 State of Oregon letter to Department of Labor, cost reasonableness is determined based on the following factors:

- Previous year's bid and current performance.
- Historical analysis of prior performance and prior cost to provide service.
- Market comparisons in other rural areas of Oregon.
- National/State performance standards for service levels.
- Evaluation of TOC's performance based on state and national standards.

Our processes for bidding, review of the bids and negotiation of final contracts has been reviewed and supported by the State JTPA administration, Oregon's Attorney General and the regional office of Department of Labor. Other Service Delivery Areas have used these processes as models.

Mr. Peterson further says of The Oregon Consortium, "In our review of 20 of 45 contracts, contractors earned profits of $4.2 million from JTPA allotments totaling $25.8 million. Because no cost or price analysis was performed, we cannot determine if the

price and profits were reasonable and, therefore, allowable under the Act." (Page 2) Later in his testimony, Mr. Peterson says "We do know, however, that profits directly reduce the amount of money available for training." (Page 12)

Mr. Peterson offers no justification for this last statement. In fact, The Oregon Consortium requires that retained earnings be reinvested to leverage training opportunities, so it can be argued that profits in fact *increase* the amount of money available for training. Earnings result in greater flexibility in program design, affording greater access for those clients with multiple employment barriers. We can show that retained earnings generated hundreds of 192 jobs in our state between 1985 and 1987.

In 1985, The Oregon Private Industry Council and Executive Committee of our Board of Directors adopted a Use of Earnings Guideline for local programs on fixed unit performance based contracts. Included are guidelines that ". . .encourage the use of earnings to support employment training programs in the local community. For example:

1. To provide a stable employment and training service base in the face of fluctuating funding levels.
2. To provide immediate service to Dislocated Workers rather than wait six months to one year after a plant closure for federal funds to become available.
3. To provide limited JTPA match funds to expand the services available with federal funds and to leverage or encourage investments by business or public agencies which will improve or increase the local employment training effort.

Therefore, when profits are made, they are being returned to the system to fund valuable programs that provide otherwise unattainable economic opportunities for low income individuals and dislocated workers.

Our final comment on Mr. Peterson's testimony best summarizes all of our concerns. It regards the statement that "Success in JTPA depends upon the Federal and State

partners being both accountable to each other and to their funding source in Congress." (Page 2)

Once again, Mr. Peterson completely excludes the public and private sector representatives charged with overseeing local JTPA programs. We suggest that success in JTPA depends on clear federal policy that enhances, rather than restricts, states' and SDAs' ability to manage JTPA programs. Private Industry Councils and Local Elected Officials across the country must be allowed to carry out their charge from Congress -- to be accountable to their communities, their unemployed and their Governors.

JTPA was heralded as one of the first government programs to focus on results instead of process. That value has attracted the private sector and made them solid supporters and active partners in JTPA. In partnership with local elected officials, The Oregon Private Industry Council chose the option of fixed unit performance based contracting because it would give us the best product for the most reasonable price. And we have gotten it.

Therefore, we oppose the new federal movement to take away local control for JTPA programs, and we resent OIG's suggestion that it must be done because local accountability has not worked. The fact that OIG has found it difficult to work within the system mandated by Congress should not be a reason to undermine the foundation of JTPA's success. The ultimate losers will be those we're here to help.

HOUSTON JOB TRAINING PARTNERSHIP COUNCIL

1919 Smith, Suite 500
Houston, Texas 77002
FAX 713-655-0715
713-654-1919

September 29, 1989

Representative Augustus Hawkins
Chairman, House Education and Labor
Committee
2181 Rayburn House Office Building
2371 RHOB, 20515
Washington, DC 20515

Dear Representative Hawkins:

This letter is written in response to the testimony given by Mr. Gerald W. Peterson, Assistant Inspector General for Audit, Office of Inspector General, U. S. Department of Labor on September 20, 1989, which referred to the City of Houston's Job Training Partnership Act program. We request this letter be included in the record for the Hearing conducted by the Subcommittee on Education and Labor relating to the JTPA Amendments.

OIG has issued a draft report concerning a lengthy audit of Houston's 1986 and 1987 programs. Mr. Peterson quotes directly from this draft report in his testimony to your Committee. We question Mr. Peterson's and OIG's professionalism, objectivity and fairness in reporting to your Committee as fact the allegations found in the OIG's draft report which the Houston SDA has not been given an opportunity to fully investigate and respond to.

OIG apparently believes that OJT should be conducted directly by the SDA, without the use of subcontractors. To refer to subcontractors who legally perform OJT activities as "brokers" earning "excessive fees" is inflammatory, inaccurate and unfair. We simply disagree with OIG's position. We believe a PIC's proper subcontracting of OJT services can properly and effectively serve deserving JTPA participants.

T.W. Hudson
Executive Director

Gordon Bonfield
Chairman

We question the usefullness of OIG to the proper administration of the program under JTPA in light of their method of currently operating. For example, their own audit guide states "If the audit findings have not been written prior to departure from the audit site, the findings may not have been fully developed. As a result, the auditor must do one of three things: (1) drop the potential findings; (2) return to the audit site for additional information; or (3) put on a big bluff." This is not a proper way for Government auditors to act.

The OIG conducted a nine month investigation of Houston's 1986 and 1987 programs. They identified questioned cost of approximately $700,000, out of $41,000,000 of expenditures. In other words, they questioned less than 2% of Houston's 1986 and 1987 expenditures. Surely their nine month investigation involving seven OIG staff members cost the Federal Government more than the cost that they questioned. We question, whether this is a wise use of taxpayers funds.

Our investigation of the underlying facts relating to OIG's draft audit of Houston's 1986 and 1987 programs reveals numerous inaccuracies and errors in the OIG's findings. We believe that most, and probably all of cost questioned by OIG will be resolved. Most of the OIG's findings stem from a failure on their part to examine appropriate documents, many of which would have been provided to them had they requested same and shared their preliminary findings with us while visiting our offices.

We would very much appreciate an opportunity to briefly testify before your Committee concerning the following:

1. The proper role of OIG in JTPA activities; and
2. How OJT activities can best be administered under the Job Training Partnership Act.

Thank you for your consideration of the above request.

Sincerely,

T. W. Hudson

TWH:rhk

Wayne County
PRIVATE
INDUSTRY
CORPORATION

Administrative Office: 33057 Schoolcraft Rd. / Livonia, MI 48150 / (313) 261-3420 FAX: (313) 261-8865

October 3, 1989

Hon. Augustus Hawkins
Room 2181
Rayburn House Office Bldg.
Independence S. Capitol Street, S.E.
Washington, D.C. 20515

Dear Congressman Hawkins:

I am writing to you in response to a statement given on September 20, 1989 before the Committee on Education and Labor on the Job Training Partnership Act Amendments of 1989 - H.R. 2039. The particular statement I am responding to was made by Mr. Gerald W. Peterson, Assistant Inspector General for Audit and refers, in part to the Balance of Wayne County (Michigan) Service Delivery Area.

I respectfully request that my comments be included in the official hearing record.

In his statement, Mr. Peterson said:

> "In Wayne County, Michigan and Kansas City, Missouri we found on-the-job training (OJT) brokers functioning as middlemen who claimed payments for participants who did not complete training or were not placed in permanent jobs. (JTPA brokers receive payment from the SDA for achieving benchmarks and they, in turn, pay the employer 50 percent of the participant's wages.) We also found that participants had been hired by the OJT employer prior to the training contract and the employers inflated or submitted false claims of hours of training or rates of pay. As a result of these findings, we have determined that over $178,000 of expenditures are unallowable."

We object to Mr. Peterson's use of the words "middlemen" and "broker" insofar as they refer to services provided under contract to our SDA . We feel that the term is used pejoratively and implies that our contractors merely facilitated an OJT placement process. In fact, the contracts referred to were with reputable non-profit community based

organizations with high stature and long standing involvement in services to the economically disadvantaged.

Our contracts with these organizations were performance based and required that the organizations provide a number of training services allowable under JTPA, including participant outreach, recruitment, intake, eligibility determination, assessment, counseling, job seeking skills, job development and job placement. Given the nature of the SDA's contracts with these service providers, we believe that to characterize them as merely "brokers" or "middlemen" is incorrect.

Though we do acknowledge that the OIG audit of the Wayne County SDA, to which Mr. Peterson referred, did identify instances where contractor payments made by the SDA could not be documented by the auditors or were contradicted by documents made available to the auditors, we think that the record on this matter should clearly reflect that, in keeping with JTPA requirements regarding monitoring and auditing programs, the SDA's internal monitoring system first identified these problems relating to payments to one of these contractors. This led to the SDA filing an incident report on the matter, as required by USDOL and State of Michigan policy. The OIG audit referred to by Mr. Peterson occurred as a result of that incident report. We believe that this is clear evidence that the Wayne County SDA did have a monitoring system in place, that that monitoring system could and did identify incorrect and unsupported claims and, finally, that the OIG audit subsequently occurred only because the SDA submitted an incident report as a result of findings from internal monitoring.

Also, we should note, contrary to Mr. Peterson's statement, that the amount of costs to be disallowed, or whether any costs identified by the OIG will be disallowed, has yet to be determined. Such a determination will be finally made by the Michigan Department of Labor (MDOL), with concurrence by USDOL, Employment and Training Administration at the conclusion of the ongoing MDOL audit resolution process.

Finally, the record should indicate that, upon discovery of the problems identified by SDA monitors, but prior to completion of the OIG audit field work, the SDA took action to suspend all payments to, and prohibit further contracts with, the contractor mentioned in the above-referenced

incident report. In addition, the SDA secured a written pledge from that organization that unencumbered organizational funds would be set aside, in an amount sufficient to repay any potential questioned costs. That pledge assured that such funds would be set aside until final resolution of the OIG audit occurred and the amount, if any, of disallowed costs chargeable to the organization was finally determined. The SDA thus took prompt and aggressive corrective action to solve the problems originally identified by its monitoring system.

We strongly suggest that the record should indicate that SDA's are required to and, in fact, do set up effective systems for monitoring contract expenditures and that the record further reflect that, in the case of the Wayne County SDA, that monitoring system worked. The OIG audit is testimony to that fact.

We appreciate this opportunity to respond to Mr. Peterson's statement. We do not want the Committee's mission to be blurred by inaccurate information regarding the way the checks and balances of the current JTPA system work.

Sincerely,

Jay C. Brown

Jay C. Brown
President

cc: Rep. William Ford
Rep. Dale Kildee
Elizabeth Dole

HEARING ON H.R. 2039, JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

FRIDAY, NOVEMBER 3, 1989

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Los Angeles, CA.

The committee met, pursuant to notice at 9:04 a.m. at the California Museum of Science and Industry, Muses Room, 700 State Street, Los Angeles, California, Hon. Augustus F. Hawkins [Chairman] presiding.

Members present: Representatives Hawkins, Hayes and Jontz.

Staff present: Terri Schroeder, legislative analyst; Carole Stringer, legislative analyst; and Beth Buehlmann, minority education coordinator.

Chairman HAWKINS. The Committee on Education and Labor is called to order. The chair is aware that others will be drifting in, but we do have two hearings in Los Angeles today and I am quite sure that unless we get started and expedite them as quickly as possible, that some of us will be leaving the city without having heard some of the expert testimony.

I am very pleased to have two of my colleagues with me today. To my left is Congressman Charles Hayes of Illinois, who has joined me in this, the fourth hearing on H.R. 2039, the Job Training Partnership Act Amendments of 1989.

And to my right is Congressman Jim Jontz of Indiana who has kindly honored us with his presence. Both of the Members are active members of the committee and have been heavily involved in this.

As a matter of fact, Charlie Hayes nudges me every now and then about jobs. I think that must be his middle name. But, obviously, being from Chicago, I suppose he has every reason to think in those terms. Mr. Jontz has been very active in the field of education and is one of our major standbys in trying to improve the schools of America. And I am very pleased that he has seen fit to come out to Los Angeles and see what is happening on the West Coast.

The proposals that are before the committee, including the one sponsored by me, H.R. 2039, are designed to make long needed improvements in employment and training services to the least skilled and the most disadvantaged adults and youth.

Someone just a few minutes ago asked how viable is the proposal. I think that I must repeat that it is necessary that we do some-

thing to refocus the Job Training Partnership Act this year before the end of the session.

The Administration has a proposal before the committee, H.R. 2803, introduced by Representative Goodling. There is pending in the Senate a proposal introduced by Senator Simon, S. 543, which contains similar provisions to H.R. 2039. It is my understanding that the Senate Labor Committee has completed hearings and that they reported out S. 543 on July 26, 1989. So, I would strongly suspect, or certainly believe that we will, at the earliest possible time, enact amendments to the original statute, and it is my hope that they will conform to the major provisions of H.R. 2039.

We have had a very long history of this, as you well know. May I first of all indicate just one or two comments with respect to it.

The Chair is firmly of the belief that we have not done nearly enough in the field of employment and training. As a nation, I think we are behind other industrialized nations and we have a long way to go in order to try to catch up. To begin with, the Job Training Partnership Act was a compromise. It was not the bill that we originally introduced, but it represents a compromise. And I think we compromised down rather than in the right direction.

As a result of that, we have a training policy that actually trains few people, an insignificant number, and we have not allied the Job Training Partnership Act with other programs as much as we should have. We have not tied it to education as closely as it should be tied, and we have not seen fit to bring the Job Training Partnership Act into other training programs such as vocational education in our schools.

The committee, being aware of this, is making attempts to do precisely that, to broaden it and to in some way tie it in with other programs. We have passed through the House a new vocational education bill which we aptly renamed Applied Technology.

Now, I know that there are some of you maybe in some areas of California that have seen fit to criticize even the change in the name, which shows how far behind we are, that for some reason we do not want to talk about, the scientific and technological revolution that is taking place. And we still want to hold on to old ways. But, we have tried to connect the two programs and then to tie them in with educational programs in the committee itself. I know that many of you will be testifying today and I hope you will direct your attention to our efforts to try to reach the neediest. Now, that is merely an expediency, because there is so little money and the feeling is that we have to reach the neediest and take care of them with the limited amount of resources. And that has not always been true.

But at the same time, those who are job ready, who are closer to being effective and productive citizens, who are being neglected in our efforts to reach the neediest and who probably need some help too. So, in a way we are improvising and compromising all of the time.

At this time, I would like to yield to either one of my colleagues who may have a statement. Mr. Hayes, I took your name in vain. Perhaps you would like to defend yourself.

Mr. HAYES. Thank you, Mr. Chairman. I am just too glad to join with you on this key issue of jobs and I have learned a long time

ago that time is an entity that once it escapes you, you can not retrieve it. So, I would rather devote what time I might consume to the witnesses and get right into the business of the hearing here. Thank you very much.

Chairman HAWKINS. Thank you. Mr. Jontz?

Mr. JONTZ. Thank you, Mr. Chairman. I just want to take a minute, first of all, to thank you for inviting me to Los Angeles and to this hearing. I also want to thank you for your leadership in bringing to the Congress the need for additional attention to the problems and challenges in the area of job training. I appreciate very much that the task before the committee is a difficult one in writing changes in the law that will improve the program throughout this country. The district that I represent in Indiana is much different from yours, but nonetheless, we also have citizens in our population who need the services that are not now getting these services.

Hopefully, as a result of the changes in the law which you are proposing, these citizens will be better served. I have not had the opportunity to mention to you that this is my first trip to Los Angeles and so I do want to say thank you for arranging the beautiful weather today on my behalf. And as a new Member of Congress, just in my second term, I am still gaining an appreciation for the power that committee chairmen have in so many important ways. So, I want to thank you, Mr. Chairman, for your hospitality today.

Chairman HAWKINS. Do not brag too much. I may shake you up before the day is over. Thank you.

Let us get into the agenda. May I ask permission that my prepared statement be entered in the record at this point, and without objection it is so ordered.

[The prepared statement of Hon. Augustus F. Hawkins follows:]

OPENING STATEMENT OF CHAIRMAN AUGUSTUS F. HAWKINS

FULL COMMITTEE HEARING ON H.R. 2039

LOS ANGELES, CALIFORNIA, NOVEMBER 3, 1989

I am pleased to have my colleague, Congressman Charles Hayes from Illinois, join me at this fourth hearing on H.R. 2039, the Job Training Partnership Act Amendments of 1989, and related proposals. These proposals are designed to improve the employment and training services to the least skilled and most disadvantaged adults and youth under the Job Training Partnership Act.

Our attempts to improve the JTPA program come at a time when we need to do a better job reaching the individuals in our community who have traditionally been left behind by our education and job training systems. Redirecting the JTPA program to the harder-to-serve population is imperative, as evidenced by the situation here in Los Angeles and around the country.

According to the latest statistics, about one out of every five students between the 10th and 12th grades in the Los Angeles school system will drop out of school. Of those who do graduate, a disturbing number cannot read their diplomas. The dropout rate for Blacks in Los Angeles is 23 percent, and for Hispanics, the dropout rate is an astounding 54 percent.

The unemployment statistics are equally disgraceful. For Blacks in Los Angeles, the unemployment rate is 11.1 percent, far above the national average. For Hispanics, the jobless rate is at 7.4 percent.

In the State of California as it is around the country, there is a mismatch between the skills of the growing immigrant and minority labor force and the changing labor market needs. In fact, demographic studies of California's labor market requirements have shown an acute need for improved education and job training opportunities for those individuals who will constitute a majority of the State's labor force in the next few decades. Accordingly, workers must acquire more training and education in order to meet the ever-increasing demands of our economy.

H.R. 2039 will move us in that direction. My proposal will improve targeting to those individuals with the most serious barriers to employment. The summer youth employment program will be retained, while at the same time, a separate year-round youth intervention program will be created focusing on school dropouts and at-risk youth. Funds for administrative costs and supportive services would be increased to accommodate the restructuring of the program.

H.R. 2039 will provide more intensive services and longer-term training to improve the employability skills of JTPA participants and to bolster their prospects for success in the job market.

One of our national priorities should be to assist disadvantaged youth and adults who lack employability skills, immigrants who need orientation to the American workplace, and young people who are mired in drugs, crime, welfare dependency, or joblessness. Education and training will prepare them to be more productive citizens and help them to compete for jobs in the marketplace. We cannot afford to do less.

We look forward to the testimony from our panelists on their views on refocusing the Job Training Partnership Act.

Chairman HAWKINS. The first panel will consist of Mr. Scott Wylie, Board Chairman of Opportunities Industrialization Centers West and Ms. Betty Ann Jansson, Executive Director, Women at Work.

Will those individuals please be seated at the witness table?

And may I make the announcement that all of the testimony presented will be in the record in its entirety just as if every word had been spoken. It is not necessary to read the full statement, but you may deal with the highlights and leave time for questioning. And then we will have an opportunity to, I think, in an informal way, develop ideas a lot better than just a reading of the statements and questioning of the witnesses.

Mr. Wylie, I supposed you are the first witness by previous arrangement.

STATEMENT OF SCOTT F. WYLIE, BOARD CHAIRMAN, OPPORTUNITIES INDUSTRIALIZATION CENTER WEST

Mr. WYLIE. Thank you, sir. It is a pleasure to be here. Mr. Chairman, your work and the work of this committee is notable in this regard. To be in a position to offer comments to you is a bit humbling. You have worked in this field for many, many years. I hope I can offer some insight at this point in your deliberations.

I should introduce myself. My name is Scott Wylie. And I am here today as the Chairman of the Board of Opportunities Industrialization Center West, which with some pride, I should point out was the second OIC founded in the United States nearly 25 years ago. I also should point out to you and it may become helpful to the committee during my testimony to know that I am employed by a California corporation, Raychem Corporation; which believes strongly that job training has a whole lot to do with the future of our economy and to our collective success.

At the same time, I am pleased to be serving at the moment, as the President of the Board of Governors of the California Community College System, which is an important arm of higher education in this state and I bring that piece of experience to the table as well. But I am here primarily wearing my identity as a proud member of the OIC's of the United States.

There is written testimony in front of you and quite honestly, I would like to highlight, and underline highlight, that testimony for you. There are, I think, three areas that I would like to address very briefly.

One, I would like to describe a bit about OIC West or as we refer to it, OICW, which, at the risk of being immodest in front of this group, I believe is one of the best community-based job training programs in the country. I would like to talk a bit about our unique community support and I would like to comment on the proposed amendments to the Job Training Partnership Act in the context of OICW's experience here on the West Coast.

As you well know, OIC's roots are in Philadelphia. Reverend Leon Sullivan has told the OIC story to this committee many times. As I mentioned earlier, we are the second OIC in the United States and now find ourselves, twenty-five years after our founding, as a vital part of the human development system of San Mateo

County in Northern California. And we have matured as a job training organization and much more. We serve East Menlo Park and East Palo Alto, which have high percentages of low income persons, high school drop-outs, teen parents and unemployed, unskilled persons.

OICW's current budget is 2.3 million dollars. Of that total, 32 percent approximately comes from JTPA. Forty-two percent comes from private donations and contracts. And the rest come from the State of California and local governments.

JTPA, for us, is an important segment of our operation. We run a diverse program and we respond to the needs of nearly 1500 people a year who have a variety of serious social or educational problems at the time they present themselves to us. All are economically disadvantaged. Some are disabled. We serve a balance of men and women of many races, African American, Hispanic, Caucasian, Pacific Islander or Asian. All the people that we serve are people truly in need.

This year we offered a wide variety of programs and services. We serve youth and adults. We offer basic skills vocational training, tutorial help, all with an intense human touch and an integrated program of assessment, training and placement.

And I also note, I am particularly pleased to see a growing linkage between us, as a community-based organization, and our local community colleges. For the first time in our history, we are now offering a joint program using the best resources of our local community college system and our best resources in terms of community involvement and connection.

It is a beginning place and one that I hope will grow and mature as time goes on. I think we are a successful example of a community-business-government partnership envisioned by JTPA. We work closely with local governments in schools. Our Board has community representatives and corporate leaders. And we are at every step of our way, very closely tied to the employer community of our part of the state. In my opinion, there is a need for more community-based organizations like OICW. We bring resources to the job training system. But OICW and other OIC's do not just happen. Our success is a result of years of development. We succeed because we have an involved community, an active Board of Directors and a very dedicated hard working staff.

Our facilities are first rate and our programs have demonstrated their effectiveness. JTPA must do more to develop and nurture effective grassroots community organizations like OICW. And in that light, I would like to offer comments in support of the amendments incorporated in H.R. 2309. There is, in summary, much good thinking in this bill. Let me highlight some of the ones in particular that strike me.

One, you target services to those most in need. I think that is most appropriate. OICW serves people who have lost hope. We keep youth from dropping out of school. We teach illiterates to read. OICW knows from experience that if you do not reach out and recruit people with multiple problems, they will be left out. We also know that with education, training and support, people can be trained to be productive workers and self-sufficient persons.

You emphasize basic skills; reading, writing, basic math, communication skills, inter-personal skills and problem-solving skills, are in short supply. I say this as an employer in this State, that is absolutely true. They must be a part of every comprehensive training program. You fund support services. OIC serves the whole person. We put a heavy emphasis on in-depth assessment to discover each person's potential. Medical and legal problems must be addressed as they are often barriers to employment.

Finally, for parents of young children, child care during training and after placement is essential. That is why OIC West runs a child care program which provides both custodial care and early childhood education. Hopefully, we are getting the jump on educating the next generation. You place emphasis on continuation and expansion of summer youth employment, something we feel very strongly about.

We believe that summer youth employment is a key element of a year-round education program for at-risk high school youth. At OIC West, we assess each youth to determine their academic and work needs. In addition to work, each youth takes six hours a week of vocational training and six hours of academic and job readiness training.

We also support these youths with mentors, counselors and tutors. A high support summer program can motivate youth to stay in school, to prepare for a good job when they graduate. Last summer OICW trained 45 disadvantaged youth. At summer's end, 43 of the 45 attained vocational, pre-employment and job related competencies. Forty youths returned to school. Two are in a JTPA program and one is employed.

Your amendments support administrative cost of service providers. Most community-based organizations do not have the private funds to support proposal development, staff supervision and training, accounting and accountability. This is true in another light for community colleges, I must point out, to encourage community colleges to be JTPA providers. If you are not used to the work, you look at the administrative burden and it appears onerous. It is not as onerous as it appears. But the provision of sufficient money for support services, I think, is important at the front end for people who are interested in getting into this service delivery.

You put emphasis on the competence of staff. Highly skilled competent staff are needed to prepare the hard-to-serve for jobs. OICW has staff who takes risks, makes decisions and assumes responsibility. Short-term JTPA contracts and uncertain funding make employment in community-based organizations risky. Putting emphasis behind attracting and developing high quality people is, therefore, important.

Individualizing the delivery of services for us is key to our success. We train and educate people one at a time. This program orientation needs to be reinforced and funded. The one, by one, by one nature of training and development is key to our success. Let me conclude. We are at risk of creating a permanent under-class with is unacceptable to me and can put our democracy and economy at risk. Drugs, addiction, crime, fear, alienation and discrimination are separating the haves from the have nots.

Millions of Americans have no hope of improving their lives or their children's lives. Twenty years after the Kerner Commission we are still two nations; one, affluent and one, poor. And the poor are more likely to be black, Hispanics, single parents or young.

The simple truth is, that we need to develop the skills of poor people as productive workers in order to compete in the world economy. We can no longer afford to write off the unmotivated, the troublemaker, the poor student or the underachiever. We need them as proficient workers. Without them, we will have labor shortages. We will also have to continue to pay the escalating costs of public assistance, incarceration, crime, and drugs. There is a correlation between hopelessness and the escapism of drugs and the opportunism of crime.

Partnerships and cooperation are the key to a successful human capital development policy. Government must enable a cooperative climate. Business and industry must see the development of human capital as an important factor of production. Community-based organizations like OICW are the catalyst to motivate people who need training. Together we must mobilize our education system, job training agencies, child care, welfare, human services, transportation, health and other support services to build a more productive work force and a more vibrant economy.

Thank you, Mr. Chairman and members of the committee.

[The prepared statement of Scott F. Wylie follows:]

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STATEMENT OF

SCOTT F. WYLIE

BOARD CHAIRMAN
OPPORTUNITIES INDUSTRIALIZATION CENTER WEST

BEFORE THE

EDUCATION AND LABOR COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

AMENDMENTS TO THE

JOB TRAINING PARTNERSHIP ACT

NOVEMBER 3, 1989

I AM SCOTT WYLIE, CHAIRMAN OF THE BOARD OF OIC WEST. IT IS AN HONOR AND A PRIVILEGE FOR ME TO TESTIFY ON BEHALF OF OIC WEST AT THESE IMPORTANT HEARINGS ON PROPOSED JTPA AMENDMENTS (H.R. 2309). I AM TESTIFYING ON BEHALF OF OIC WEST, BUT I CANNOT DIVORCE MYSELF FROM MY CORPORATION, RAYCHEM, WHICH SUPPORTS AND ENCOURAGES MY INVOLVEMENT IN OIC WEST OR FROM THE CALIFORNIA COMMUNITY COLLEGES WHERE I SERVE AS CHAIRMAN OF THE GOVERNING BOARD.

PRODUCTIVE EDUCATION AND JOB TRAINING PARTNERSHIPS ARE DEPENDENT UPON CORPORATE SUPPORT AND VOLUNTEERS LIKE MYSELF. AT RAYCHEM, WE UNDERSTAND THAT OUR CORPORATE FUTURE IS CONTINGENT UPON AN EDUCATED AND SKILLED WORKFORCE. ENLIGHTENED SELF-INTEREST MOTIVATES RAYCHEM AND MANY OTHER CORPORATIONS TO CONTRIBUTE STAFF TIME AND MONEY TO SOLVE COMMUNITY PROBLEMS AND DEVELOP HUMAN RESOURCES.

THIS MORNING, I WOULD LIKE TO:

1. DESCRIBE OIC WEST, WHICH WE THINK IS ONE OF THE BEST COMMUNITY BASED JOB TRAINING PROGRAMS IN THE COUNTRY.
2. TALK SOME ABOUT OIC WEST'S COMMUNITY SUPPORT.
3. COMMENT ON PROPOSED AMENDMENTS TO THE JOB TRAINING PARTNERSHIP ACT IN THE CONTEXT OF OIC WEST'S EXPERIENCE.

OICS ROOTS ARE IN PHILADELPHIA. REV. LEON SULLIVAN HAS TOLD OICS STORY TO THIS COMMITTEE MANY TIMES. WHAT IS LESS WELL KNOWN IS THAT OIC WEST WAS THE SECOND OIC IN THE UNITED STATES. IN 1966, A GROUP OF COMMUNITY LEADERS HEARD ABOUT REV. SULLIVAN AND THE

PHILADELPHIA OIC. THEY WENT TO PHILADELPHIA TO GET INFORMATION AND ADVICE ABOUT STARTING AN OIC IN OUR COMMUNITY.

TWENTY-FOUR YEARS LATER, OIC WEST IS A VITAL PART OF THE HUMAN DEVELOPMENT SYSTEM OF SAN MATEO COUNTY AND HAS MATURED AS A JOB TRAINING ORGANIZATION AND MUCH MORE. OIC WEST SERVES EAST MENLO PARK AND EAST PALO ALTO WHICH HAVE HIGH PERCENTAGES OF LOW INCOME PERSONS, HIGH SCHOOL DROPOUTS, TEEN PARENTS AND UNEMPLOYED UNSKILLED PERSONS.

OIC WEST'S CURRENT BUDGET IS $2.3 MILLION. OF THAT TOTAL 32.4% COMES FROM JTPA, 41.5% COMES FROM PRIVATE DONATIONS AND CONTRACTS AND THE REST COME FROM THE STATE OF CALIFORNIA AND LOCAL GOVERNMENTS. FUNDING DIVERSITY IS A GOAL OF OIC WEST. WE ADD FUNDS WHICH WE RAISE FROM PRIVATE SOURCES TO THE LOCAL HUMAN SERVICE DELIVERY SYSTEM.

PROGRAM DIVERSITY AT OIC WEST RESPONDS TO THE NEEDS OF OUR 1,500 CLIENTS WHO LAST YEAR HAD ONE OR MORE OF THE FOLLOWING PROBLEMS:

- LOW LITERACY
- POOR HEALTH
- DRUG ABUSE OR ALCOHOLISM
- WELFARE DEPENDENCY
- HOMELESSNESS
- SINGLE PARENTS
- DESPERATE ECONOMIC NEEDS

- LEGAL DIFFICULTIES
- INCARCERATION
- HOPELESSNESS

ALL ARE ECONOMICALLY DISADVANTAGED. SOME ARE DISABLED. OIC WEST SERVES A BALANCE MEN AND WOMEN OF MANY RACES - AFRICAN AMERICAN, HISPANIC, CAUCASIAN, PACIFIC ISLANDER OR ASIAN. ALL THE PEOPLE THAT WE SERVE ARE PEOPLE IN NEED.

THIS YEAR OIC WEST OFFERED THE FOLLOWING PROGRAMS AND SERVICES:

- O OUTREACH AND RECRUITMENT
- O INTAKE AND ORIENTATION
- O IN DEPTH ASSESSMENT
- O SKILL TRAINING
  - CLERICAL OCCUPATIONS
  - ELECTRONICS
  - PRINTING AND GRAPHICS
  - CULINARY ARTS/FOOD SERVICES
  - RETAIL/FASHION MERCHANDISING
- O BASIC READING, WRITING AND MATHEMATICS
- O COMPUTER ASSISTED LEARNING CENTER
- O ENGLISH AS A SECOND LANGUAGE
- O SUMMER YOUTH EMPLOYMENT
- O DROPOUT PREVENTION
- O IN SCHOOL TUTORIAL
- O PRE-APPRENTICESHIP PROGRAMS FOR WOMEN AND MINORITIES

- O AMNESTY PROGRAMS
- O CHILD CARE
- O COUNSELING
- O TRANSPORTATION
- O EMERGENCY LOAN FUND
- O CLOTHING FOR INTERVIEWS

OICW IS A SUCCESSFUL EXAMPLE OF A COMMUNITY-BUSINESS-GOVERNMENT PARTNERSHIP ENVISIONED BY JTPA. WE WORK CLOSELY WITH LOCAL GOVERNMENTS AND SCHOOLS. OUR BOARD HAS COMMUNITY REPRESENTATIVES AND CORPORATE LEADERS. WE EACH GIVE TIME AND ENERGY TO HELP OUR NEIGHBORS AND POTENTIAL EMPLOYEES WHO NEED A HELPING HAND. OICW ALSO HAS A COMMUNITY ADVISORY COUNCIL WHICH HAS REPRESENTATIVES FROM MAJOR CORPORATIONS. THEY ASSURE WE TRAIN PRODUCTIVE WORKERS.

THERE IS A NEED FOR MORE COMMUNITY BASED ORGANIZATIONS LIKE OIC. WE BRING RESOURCES TO THE JOB TRAINING SYSTEM. OUR CLIENTS BENEFIT FROM OUR RELATIONSHIP WITH THE PRIVATE INDUSTRY COUNCILS AND BUSINESSES. WE ARE A BRIDGE TO SELF SUFFICIENCY FOR THE UNEMPLOYED. BUT OIC WEST AND OTHER OICS DO NOT JUST HAPPEN. OUR SUCCESS IS THE RESULT OF YEARS OF DEVELOPMENT. WE SUCCEED BECAUSE WE HAVE AN INVOLVED COMMUNITY, AN ACTIVE BOARD OF DIRECTORS AND A VERY DEDICATED, HARD WORKING STAFF. OUR FACILITIES ARE FIRST RATE AND OUR PROGRAMS HAVE DEMONSTRATED THEIR EFFECTIVENESS.
JTPA MUST DO MORE TO DEVELOP AND NURTURE EFFECTIVE GRASS ROOTS COMMUNITY ORGANIZATIONS LIKE OIC.

IN ADDITION TO OUR LOCAL SUPPORT, OIC WEST BENEFITS FROM ITS AFFILIATION WITH OICS OF AMERICA WHICH HAS 70 AFFILIATES IN 33 STATES. IN ITS 25 YEARS, OICS OF AMERICA HAS SERVED MORE THAN 1 MILLION PERSONS. OICS KNOW HOW TO RECRUIT, MOTIVATE, EDUCATE, TRAIN AND PLACE HARD TO SERVE PERSONS IN JOBS.

I WOULD LIKE TO OFFER COMMENTS IN SUPPORT OF AMENDMENTS INCORPORATED IN H.R. 2309:

1. TARGET SERVICES TO THOSE MOST IN NEED. OIC WEST SERVES PEOPLE WHO HAVE LOST HOPE. WE KEEP YOUTH FROM DROPPING OUT OF SCHOOL, WE TEACH ILLITERATES TO READ. OIC KNOWS FROM EXPERIENCE THAT IF YOU DO NOT REACH OUT AND RECRUIT PEOPLE WITH MULTIPLE PROBLEMS THEY WILL BE LEFT OUT. WE ALSO KNOW THAT WITH EDUCATION, TRAINING AND SUPPORT, PEOPLE CAN BE TRAINED TO BE PRODUCTIVE WORKERS AND SELF SUFFICIENT PERSONS.

2. EMPHASIZE BASIC SKILLS. READING, WRITING, BASIC MATH, COMMUNICATIONS SKILLS, INTERPERSONAL SKILLS AND PROBLEM SOLVING SKILLS ARE IN SHORT SUPPLY. THEY MUST BE A PART OF EVERY COMPREHENSIVE TRAINING PROGRAM. AS AN EMPLOYER, RAYCHEM NEEDS PEOPLE WITH HIGHER LEVEL COMMUNICATIONS AND COMPUTATION SKILLS. RAYCHEM CAN TRAIN PEOPLE FOR JOB SPECIFIC SKILLS, BUT NOT BASIC EDUCATION. OIC ALSO MOTIVATES PEOPLE TO BE GOOD WORKERS AND RAISES SELF ESTEEM. THAT'S WHY OIC WEST PLACES ALMOST 90% OF THOSE WHO COMPLETE TRAINING IN JOBS AT AN AVERAGE WAGE OF $7.13 AN HOUR.

3. FUND SUPPORT SERVICES. OIC SERVES THE WHOLE PERSON. WE PUT A HEAVY EMPHASIS ON IN DEPTH ASSESSMENT TO DISCOVER EACH PERSON'S POTENTIAL. MEDICAL AND LEGAL PROBLEMS MUST BE ADDRESSED AS THEY ARE OFTEN BARRIERS TO EMPLOYMENT. FINALLY, FOR PARENTS OF YOUNG CHILDREN, CHILD CARE DURING TRAINING AND AFTER PLACEMENT IS ESSENTIAL. THAT IS WHY OIC WEST RUNS A CHILD CARE PROGRAM WHICH PROVIDES BOTH CUSTODIAL CARE AND EARLY CHILDHOOD EDUCATION. WE ARE ALSO GETTING THE JUMP ON EDUCATING THE NEXT GENERATION.

4. CONTINUE SUMMER YOUTH EMPLOYMENT. OIC WEST VALUES SUMMER YOUTH EMPLOYMENT AS A KEY ELEMENT OF A YEAR ROUND EDUCATION PROGRAM FOR AT RISK HIGH SCHOOL YOUTH. AT OIC WEST, WE ASSESS EACH YOUTH DETERMINE THEIR ACADEMIC AND WORK NEEDS. IN ADDITION TO WORK, EACH YOUTH TAKES SIX HOURS A WEEK OF VOCATIONAL TRAINING AND 6 HOURS OF ACADEMIC AND JOB READINESS TRAINING. WE ALSO SUPPORT THESE YOUTH WITH MENTORS, COUNSELORS AND TUTORS. A HIGH SUPPORT SUMMER PROGRAM CAN MOTIVATE YOUTH TO STAY IN SCHOOL TO PREPARE FOR A GOOD JOB WHEN THEY GRADUATE. LAST SUMMER OICW TRAINED 45 DISADVANTAGED YOUTH. AT SUMMER'S END, 43 OF THE 45 AT ATTAINED VOCATIONAL, PRE-EMPLOYMENT AND JOB RELATED COMPETENCIES, 40 YOUTH RETURNED TO SCHOOL, 2 ARE IN A JTPA PROGRAM AND 1 IS EMPLOYED.

5. SUPPORT ADMINISTRATIVE COSTS OF SERVICE PROVIDERS. MOST COMMUNITY BASED ORGANIZATIONS DO NOT HAVE THE PRIVATE FUNDS TO SUPPORT PROPOSAL DEVELOPMENT, STAFF SUPERVISION AND TRAINING, ACCOUNTING AND ACCOUNTABILITY. SOME WAY MUST BE FOUND TO REIMBURSE

COMMUNITY BASED ORGANIZATIONS THESE ADMINISTRATIVE COSTS.

6. BUILD COMPETENCE OF STAFF. HIGHLY SKILLED COMPETENT STAFF ARE NEEDED TO PREPARE THE HARD TO SERVE FOR JOBS. OIC WEST HAS STAFF WHO TAKE RISKS, MAKE DECISIONS AND ASSUME RESPONSIBILITY. SHORT TERM JTPA CONTRACTS AND UNCERTAIN FUNDING MAKE EMPLOYMENT IN A COMMUNITY BASED ORGANIZATION RISKY. AT OIC WEST WE HAVE CREATED A STABLE FUNDING BASE FROM PRIVATE SOURCES. WE CAN INVEST IN STAFF DEVELOPMENT. JTPA MUST INVEST RESOURCES TO IMPROVE THE CAPABILITY OF ALL PERSONS WHO PROVIDE SERVICES TO CLIENTS.

7. INDIVIDUALIZE THE DELIVERY OF SERVICES. OIC WEST TRAINS AND EDUCATES PEOPLE ONE AT A TIME. OIC WEST OPERATES THE TEEN OPPORTUNITY PROGRAM (TOP) IN TWO HIGH SCHOOLS. WE WORK WITH STUDENTS WHO THE SCHOOLS IDENTIFY AS POTENTIAL DROPOUTS. EACH STUDENT IS ASSESSED AND GIVEN AN INDIVIDUAL PLAN. WE HAVE BEEN ABLE TO HELP STUDENTS TO SUCCEED, INCREASE THEIR EDUCATIONAL LEVELS, ENROLL THEM IN VOCATIONAL COURSES AND STEER THEM TOWARD WORK OR CONTINUED EDUCATION IN A VOCATIONAL SCHOOL, COMMUNITY COLLEGE OR FOUR YEAR INSTITUTION OF HIGHER EDUCATION.

WE ARE AT RISK OF CREATING A PERMANENT UNDERCLASS WHICH IS UNACCEPTABLE TO ME AND CAN PUT OUR DEMOCRACY AND ECONOMY AT RISK. DRUGS, ADDICTION, CRIME, FEAR, ALIENATION AND DISCRIMINATION ARE SEPARATING THE HAVES FROM THE HAVE NOTS. MILLIONS OF AMERICANS HAVE NO HOPE OF IMPROVING THEIR LIVES OR THEIR CHILDREN'S LIVES.

TWENTY YEARS AFTER THE KERNER COMMISSION, WE ARE STILL TWO NATIONS - ONE AFFLUENT AND ONE POOR - AND THE POOR ARE MORE LIKELY TO BE BLACK, HISPANIC, SINGLE PARENTS OR YOUNG.

THE SIMPLE TRUTH IS THAT WE NEED TO DEVELOP THE SKILLS OF POOR PEOPLE AS PRODUCTIVE WORKERS IN ORDER TO COMPETE IN THE WORLD ECONOMY. WE CAN NO LONGER AFFORD TO WRITE OFF THE UNMOTIVATED, THE TROUBLEMAKER, THE POOR STUDENT OR THE UNDER ACHIEVER. WE NEED THEM AS PROFICIENT WORKERS. WITHOUT THEM WE WILL HAVE LABOR SHORTAGES. WE WILL ALSO HAVE TO CONTINUE TO PAY THE ESCALATING COSTS OF PUBLIC ASSISTANCE, INCARCERATION, CRIME AND DRUGS. THERE IS A CORRELATION BETWEEN HOPELESSNESS AND THE ESCAPISM OF DRUGS AND THE OPPORTUNISM OF CRIME.

PARTNERSHIPS AND COOPERATION ARE THE KEY TO A SUCCESSFUL HUMAN CAPITAL DEVELOPMENT POLICY. GOVERNMENT MUST ENABLE A COOPERATIVE CLIMATE. BUSINESS AND INDUSTRY MUST SEE THE DEVELOPMENT OF HUMAN CAPITAL AS AN IMPORTANT FACTOR OF PRODUCTION. COMMUNITY BASED ORGANIZATIONS LIKE OIC WEST ARE THE CATALYST TO MOTIVATE PEOPLE WHO NEED TRAINING. TOGETHER WE MUST MOBILIZE OUR EDUCATION SYSTEM, JOB TRAINING AGENCIES, CHILD CARE, WELFARE AND HUMAN SERVICES, TRANSPORTATION, HEALTH AND OTHER SUPPORT SERVICES TO BUILD A MORE PRODUCTIVE WORKFORCE AND A MORE VIBRANT ECONOMY.

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Chairman HAWKINS. Thank you, Mr. Wylie. May we ask the other witness, Ms. Betty Ann Jansson, Executive Director, Women at Work, to proceed.

STATEMENT OF BETTY ANN JANSSON, EXECUTIVE DIRECTOR OF WOMEN AT WORK

Ms. JANSSON. Thank you very much. I would like to thank Congressman Hawkins and the Committee on Education and Labor for inviting me to speak today. I am Betty Ann Jansson, Executive Director of Women at Work, a non-profit, community-based organization which has been serving women in the Los Angeles area for the past nine years.

Women at Work is a career and job resource center whose mission is to help women reach their full employment and earnings potential in the work world. Women at Work helps over 3000 women each year from the Los Angeles Basin with job search strategies, job listings, career planning and supportive services for displaced homemakers, women entering non-traditional jobs and women moving up the career ladder in their companies.

Forty percent of our users are over 40 years old. Fifty percent are minority women and a large number are low income women. Although most of our funding, as with many community-based organizations, comes from corporations, foundations and individuals, we receive several small grants from JTPA Title III, the Carl Perkins Vocational Education money and the Women's Bureau of the Department of Labor for a non-traditional program.

I would like to comment on the three bills very briefly, H.R. 2039, the JTPA amendments; H.R. 3050, Non-traditional Employment for Women; and, H.R. 3069, the Displaced Homemakers Employment, Training and Self-sufficiency Act. First, the JTPA amendments.

In general, I am very supportive of the amendments in H.R. 2039 and feel that they will improve services to hard-to-serve unemployed workers. However, I am very concerned about the need to target programs for older workers and displaced homemakers.

As you are well aware, JTPA programs have traditionally served those a little bit more able to get a job on their own. This creaming has occurred, I believe, because of the performance standards and the performance based nature of the program. I feel that the targeting of the hard-to-serve populations which you have identified is a long overdue step which must be taken. However, such targeting can only be successful if tied to different performance standards. You must reward contractors who work with this harder-to-reach population by recognizing that the cost per placement may be higher.

Special efforts and programs for people over 55 are also very important. Women at Work helps over 300 women who are over 55 each year. Many are displaced homemakers who are having to enter the job market after years of being at home raising families. But it might surprise you to know that a large number of our 55 and over clients are women who may have never married who have worked their entire lives at low paying jobs. Around age 55 they are pushed out of the job market because of age or technologi-

cal changes, have no family or resources to fall back on and have no pension or health insurance.

They need special help to obtain a new job at this age. They may have the basic reading and math skills or educational credentials which you mentioned as certain points for getting into programs, but what they need is extra help and support, job search help and possibly retraining so that they can get back in the job market. I support having employability enhancement skills as a performance standard, if this means working with under-served populations on identifying skills, psychological barrier to attaining jobs, career planning, occupational testing and job preparation. That would mean that a community-based organization could work with people at these basic levels and not be penalized if clients were not immediately ready for job placement.

I just want to mention briefly that although we do not work with youth, I support the Title II, Part C year-round youth program, especially because I feel that there are many single mothers who are between 14 and 21 who need extra help in either staying in high school and having some day care in order to do so or going into different training programs. And I feel that it is important to start that at a younger age and have a year-round program.

Briefly, I am concerned about requiring uniform reporting across different programs. For example, I feel that the paperwork required by JTPA would hobble vocational education-type programs.

Brief comments now about H.R. 3050, Non-traditional Employment for Women. Somehow I feel we need to institutionalize strategies into JTPA for non-traditional training and job search skills for women. Seed money to help non-traditional programs for women is very important.

Women at Work is in its second year of a special program for helping women enter non-traditional fields. As all of you know, there are very few women in these fields, especially in apprenticeship programs and jobs in the construction industry, also in technical jobs in aerospace, and yet, these are the fields where the salaries are higher. There are not nearly enough programs or supports for women trying to enter these fields. The barriers are great, but the potential advantages in terms of wages and benefits are great, not only for women, but for their families to improve their living standards.

Some kind of stipends for pre-apprenticeship programs and adequate day care arrangements are a key to helping many of these women get into non-traditional fields. We also need more real cooperation from unions and joint apprenticeship committees if women are going to enter the trades. Current JTPA performance standards make it nearly prohibitive to place women in non-traditional jobs, I feel, for three reasons.

It takes longer, it costs more, and placement rates tend to be much lower because of the barriers in the job market to women being hired in these jobs. However, the current JTPA programs can be justifiably criticized for too often training women for low level jobs which will keep them in poverty. H.R. 3050 is a welcome step in the right direction of dealing with these problems and criticisms.

A few brief remarks about H.R. 3069, the Displaced Homemakers Employment Training and Self-sufficiency Act. Women at Work sees many displaced homemakers each year, literally hundreds of them. With a very small vocational education grant, we offer individual counseling, testing, career planning, job readiness and jobs for these women. For many displaced homemakers the first thing they need is a support group to raise their level of self-confidence and to begin to identify their job market skills. Then before they spend down their resources and are on welfare, they need special help for re-entering the job market. I feel that the state planned specifications in this Act are very good and that the performance criteria are excellent.

You must have criteria relating to increased self-esteem and job readiness because, although hard to measure sometimes, these are a key to having success in working with displaced homemakers. The displaced homemaker programs funded under the Carl Perkins Vocational Education Act are, in many cases, very small grants but they do provide quality services to this large segment of the population which too often is not served by other programs. I feel this Act would be a great addition to the National employment programs. Thank you very much.

[The prepared statement of Betty Ann Jansson follows:]

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JOB TRAINING PARTNERSHIP ACT AMENDMENTS

AND RELATED PROPOSALS

Testimony by Betty Ann Jansson, Executive Director of Women At Work, at the field hearings of the House Committee on Education and Labor.

November 3, 1989

A Tax-Exempt Nonprofit Corporation

I am Betty Ann Jansson, Executive Director of Women At Work, a non-profit community based organization which has been serving women in the Los Angeles area for the past nine years. Women At Work is a career and job resource center whose mission is to help women reach their full employment and earnings potential in the work world through providing employment services in a supportive environment.

Women At Work helps over 3,000 women each year with job search strategies, job listings, career planning and supportive services for displaced homemakers, women entering nontraditional jobs, and women moving up the career ladder in their companies. Forty percent of our users are over 40 years old. Forty four percent have household incomes under $10,000 and 50% are minority women.

Although most of our funding comes from corporations, foundations and individuals, we receive several small government grants including JTPA Title III, Perkins Vocational Education money, and Women's Bureau, DOL funding for a non-traditional jobs program.

I would like to thank Congressman Hawkins and the Committee on Education and Labor for inviting me to speak today.

I would like to comment on three bills:

HR 2039 - The JTPA Amendments
HR 3050 - Non-Traditional Employment for Women
HR 3069 - Displaced Homemakers Employment Training and Self-Sufficiency Act.

HR 2039 - JTPA Amendments

In general, I am supportive of the amendments in HR 2039 and feel that they will improve service to hard-to-serve unemployed workers. However, I am very concerned about the need to target programs for older workers and displaced homemakers.

As you are well aware, the JTPA program has traditionally served those people more able to get a job on their own. This "creaming" has occurred because of the performance standards and

the performance-based nature of the program. I feel that the targeting of the hard-to-serve populations which you have identified is a long overdue step which must be taken. However, such targeting can only be successful if tied to different performance standards. You must reward contractors who work with this harder-to-reach population by recognizing that the costs per placement may be higher.

Special efforts and programs for people over 55 are also very important. Women At Work helps over 300 women in this age range each year. Many are displaced homemakers who are having to enter the job market after years of being at home raising families. But a large group of our clients over 55 are women who may have never married and who have worked their entire lives at low paying jobs.. Around age 55 they are pushed out of jobs because of age or technological changes, have no family or resources to fall back on, and have no pensions or health insurance. They need special help to obtain a new job at this age. They may have the basic reading and math skills, or educational credentials, but they need extra support, job search help, and possibly retraining.

Regarding the concept of a new youth program known as Title II - part C, from talking with local CBOs and from my knowledge of the community, I feel that there is a real need for creating a year-around youth program and lowering the age to 14. The specific need which I see this addressing is the High School mothers who have dropped out of school and need help with day care while they seek to finish High school and \or gain skills to support their families.

A local service provider told me this week that she works with 30 teen moms, under 18 who are out of school and can't go to school because there is no space in the school day care program. The target of students with limited English language proficiency is an important goal, especially for Southern California.

The new performance standards which you have established such as attaining basic education and English language proficiency are key. Currently, in Pasadena, as I understand it, the agencies offering ESL classes have dropped all regular classes and are only offering Amnesty ESL classes. This does not help limited-English-speaking U.S. citizens who need help with English. We need both kinds of ESL classes.

I especially support having "employability enhancement skills" as a performance standard if this means working with underserved populations on identifying skills, psychological barriers to attaining jobs, career planning, occupational testing and job preparation. Thus a CBO could work with people at these basic levels and not be penalized if the clients were not immediately ready for job placement.

I am concerned about requiring uniform reporting across

different programs. For example, I feel the kind of paperwork required by JTPA would hobble VOC ED type programs. Although uniform reporting sounds good, in reality it can mean that you spend more time on paper work than on helping clients.

To repeat, I am supportive of the amendments in HR 2039 and feel that they will improve the service to hard to serve unemployed workers.

HR 3050 - Non-Traditional Employment for Women

Somehow we need to institutionalize strategies into JTPA for non-traditional training and job search skills for women. Seed money to help non-traditional programs for women is important.

Women At Work is in its second year of a special program for helping women enter non-traditional fields. As all of you know, the numbers of women in these fields is extremely small - especially in apprenticeships and jobs in the construction industry, but also in technical jobs in aerospace. Many of the women in these fields started in CETA programs targeted for helping women get jobs in Non-Traditional fields. Today those women are concerned because they do not see new women coming into their fields.

Women At Work's program produces a quarterly Trade/Tech Job Letter about job opportunities and apprenticeships in these fields in Southern California. We have helped form Women In The Trades, an organization which meets quarterly to help tradeswomen and women share ideas and information . We have identified 163 women in the last 5 months who were interested in entering non-traditional fields. We are in the process of surveying them right now to determine how many have succeeded. We know the answer will be very few.

There are not nearly enough programs or supports for women trying to enter nontraditional fields. The barriers are great, but the potential advantages in terms of wages and benefits are very great, not only for the women but for their families to improve their living standards. Obviously stipends for pre-apprenticeship programs and adequate day care arrangements are key to helping many of these women get into nontraditional fields. But we also need more real cooperation from Unions and Joint Apprenticeship Committees if women are going to enter the trades.

Demonstration programs would be very helpful even though the suggested funding levels are grossly inadequate.

The reporting requirements from the local PICs would begin to provide information essential for determining what is happening in terms of women entering non-traditional fields and the existence (or lack) of good programs. It would also support

with hard data the desireability of the PICs prioritizing training of women for higher-paying fields. Circulating summaries of model or demonstration programs would be helpful.

Current JTPA performance standards make it nearly prohibitive to place women in nontraditional jobs for three reasons: (1) it takes longer, (2) it costs more, and (3) placement rates tend to be much lower because of the barriers in the job market to women being hired in these jobs. However, the current JTPA programs can be justifiably criticized for too often training women for low level jobs which will keep them in poverty. HR 3050 is a welcome step in the right direction of dealing with these problems and criticisms.

HR 3069 Displaced Homemakers Employment Training and Self Sufficiency Act.

Women At Work sees many displaced homemakers each year - literally hundreds of them. With a very small Carl Perkins grant, we offer individual counseling and testing, career planning courses, job readiness and assertiveness. For many displaced homemakers, the first thing they need is a support group to raise their level of self-confidence and to begin to identify their job market skills. They also need time to get themselves together. Then, before they spend down their resources and are on welfare, they need special help with reentering the job market.

I feel that the State plan specification is good and that the performance criteria are excellent. You must have criteria relating to increased self esteem and job readiness because, although hard to measure, these are key to having success in working with displaced homemakers. The displaced homemaker programs which I know about are grossly underfunded, but provide quality service to this large segment of the population which too often is not served by other programs.

I feel this act would be a great addition to the national employment programs.

Chairman HAWKINS. Thank you, Ms. Jansson.

Let me ask you first of all, you indicated the need to target programs for older workers and displaced homemakers. Generally, all of the proposals before the committee tend to eliminate set asides. The reason primarily for that is, that it does not allow the flexibility of using the money most effectively in a particular region where one group or the other may dominate and, therefore, may need more than some other region.

And we found it very difficult going before the Appropriations Committee. As you know, this is an authorizing committee. We authorize programs but we do not provide the appropriation. In negotiating funding for the programs that we authorize, we found it very disadvantageous at times for the Appropriations Committee to tell us, Yes, but one group that you have set the money aside in order to benefit has not been able to spend its money and consequently, nationwide a substantial amount of money is being turned back in many of the areas. This undercuts the funding for all of the groups and it was, I think, primarily for that reason that all of the bills, the Senate bill, the Administration bill and the House bill have tended to eliminate many of the setasides.

Now, I know that has created a lot of opposition and political pressure on this and other committees from various groups. I suppose the senior citizens have exercised the greatest amount of pressure. But there was a substantial amount of money they never benefited from because it was unspent and carried over to the next program year. And so we feel that by integrating them in some of the other programs, the amount of money may actually be increased in many areas as a result of improved targeting.

Now, if there is anyone who has a special interest for older citizens, I would have that, I would suspect, but nevertheless, I feel justified in trying to do something which I think may more effectively do the job. I would like to have your comment on whether or not you still believe that it should be done.

Second, we agree with you on the value of the year-round program for youth. However, we would not want to, at the same time, eliminate the summer jobs for youth——

Ms. JANSSON. Right.

Chairman HAWKINS. [continuing] and especially at this time. Summer jobs for youth has really earned, I think, a rather affectionate attachment in this field. And I think to eliminate summer jobs for youth at this time, especially in some of our areas, would be disastrous. Those are two of the major problems before the committee and I would simply like to get your reaction to my explanations or my reasons for doing as we have done in this particular proposal.

Ms. JANSSON. Okay, first of all on the setasides. We are not a program that receives the set-asides, but I was talking with some people in Los Angeles yesterday who were very concerned about that because they felt that California apparently, or Southern California, is using the money and they were concerned about losing that money. I think their major concern was maybe not that we have to have set-asides, but that somehow programs continue which really take into consideration the needs of older workers. If they are just integrated into other programs where there are a lot

of 20 and 30 year olds, they do not feel comfortable and they are not as likely to participate.

And so the concern was that programs be designed that really were able to help that particular population. On the issue of summer jobs, I am not in favor of eliminating summer jobs. I just did not happen to comment on that because it was not new. I was commenting on the need for a year-round program, but I think we need both programs.

Chairman HAWKINS. We do, we think so also.

Ms. JANSSON. Definitely.

Chairman HAWKINS. The Administration bill does emphasize the year-round program. At the same time, they eliminate the summer youth program.

Ms. JANSSON. I see.

Chairman HAWKINS. We believe in both.

Ms. JANSSON. No, I think you need to have both.

Chairman HAWKINS. So we are in agreement on that. Mr. Wylie, may I ask you one or two questions? Are you in favor of retaining the summer youth employment program? I think you did so indicate.

Mr. WYLIE. A strong, yes.

Chairman HAWKINS. And also, with respect to the set-asides, have you benefited from them or do you think they would be injurious to community-based organizations to continue the set-asides?

Mr. WYLIE. I think that the philosophical push that you give us by establishing set-asides accomplishes in broad form its purpose. That is, there are some populations that one is directed to go deal with. The comment with respect to the older workers, I think is apropos. So often we are emersed in the problems of the young, or the young adult, that we forget that there is another segment of the population struggling as well, to where the kinds of opportunities that we offer really is equally germane.

In that sense, the philosophical push is helpful. The complexity that comes with it from a funding base is something to wrestle with both on your side and on our side, sir, quite honestly. The more that you segment it and the more that you direct it, the more work it entails for everybody on downstream in terms of accountability for the work that is done. Frankly, I do not know any way out of that blind. I think it is a problem that we create out of the desire, rightfully so, to direct our work at a community-based level. I think it is a burden that we encumber ourselves with, and I cannot figure a better way out of it, quite honestly.

Chairman HAWKINS. Thank you. I would like to commend both witnesses on their excellent testimony. Mr. Hayes?

Mr. HAYES. Thank you, Mr. Chairman. Mr. Wylie, you mentioned that you are operating with funds that total some 2.3 million dollars; is that right?

Mr. WYLIE. Yes, sir.

Mr. HAYES. Thirty-two percent of which comes from Federal funds; is that right?

Mr. WYLIE. That is out of JTPA.

Mr. HAYES. JTPA, and this means that roughly $800 thousand dollars of your total budget comes from that. You are aware of the fact that we are sitting on the threshold of a tragedy if sequestra-

tion goes into effect, which is already into effect. It is fighting for restoration. You might find yourself getting less funds as a result of that than you are getting now, right?

Mr. WYLIE. Correct.

Mr. HAYES. And what kind of impact would this have on your program?

Mr. WYLIE. Well, I think it would have two identifiable impacts; one, which I think is unfortunate and one which I think speaks for the strength of our organization simultaneously. The lack of funds does make a difference in terms of what we can do. And we have been growing our organization, over time, to try and build additional funding sources in, particularly the private sector. But I want to tell you, as the chief fund-raiser for our organization, that money is not easy to come by. It takes work to go get that money and it takes organizational resources to go get that money.

So, to say flippantly, "Well, gee whiz, we will just go out and raise more money from the private sector," that it is not an easy task. I think the other consequence for us and a credit to our staff, we have learned how to stretch our resources. We have learned how to be lean and mean. Quite honestly, sometimes I would like to teach the lessons I have learned in OICW to my own private sector employer about how to operate lean and mean. We do that well.

We have a highly motivated group of people. They will try and stretch that less dollar, if that is what it is. I can promise you that, but it is not infinite and at some point you have to recognize the fact that less funding produces less output. We are in a part of California that enjoys an aggregate of very low unemployment rate; yet we have some very intractable pockets of poverty in our community that need attention. We believe that we are doing something with respect to that problem and we would very much like to be able to continue.

Mr. HAYES. Both of you are aware of the fact that there is still quite a disparity between—in spite of the fact that training is inadequate, placement of some people who have been trained on jobs is still a real problem we have to be confronted with. And, Ms. Jansson, when you indicated that 40 percent of the people who your organization serves, you mentioned about 3000 women, I think, a year, are 40 years and older.

You indicated that, I guess, JTPA is sort of a creaming kind of a program which sort of disturbs me a little bit. You mentioned the fact that you cannot fathom concentrating on the youth, I guess, at the expense of the people in the upper age group, particularly among women. You realize there is not enough to go around now in any circumstance; is that right? You accept that fact.

Ms. JANSSON. Yeah, I realize that is a big problem.

Mr. HAYES. You do not think we ought to dessert our youth, do you?

Ms. JANSSON. No, I do not think we ought to desert our youth. I happen to know more about older workers, because our agency does not serve youth. I know more about the needs of older workers and I do not mean just over 55. We see the whole range from, I would say, 25 to 55. You know, that means 60 percent of the people we serve are under 40.

Mr. HAYES. Over 40.

Ms. JANSSON. Sixty percent are under 40, and 40 percent are over 40. So we see a real range, but we do not see many youth and I am not saying that youth do not—obviously, they have incredible needs. That is why I liked your year-round program for youth, but I know more about the needs and the situation of displaced homemakers, single parents. Those are the programs that we have been working on and I know that they have great needs.

I might add that Women at Work is a relatively small program funding-wise. I did not mention that our budget is less than $200,000 a year. And we are a job search and placement-type of agency. So, a lot of the people that we see are coming in looking for job leads and that type of thing.

Mr. HAYES. You said it is $200 thousand a year.

Ms. JANSSON. Less than that.

Mr. HAYES. And that comes from corporations, individuals.

Ms. JANSSON. Yes, less than 25 percent comes from——

Mr. HAYES. And some grants.

Ms. JANSSON. Yes, less than 25 percent comes from Federal grants. We have tried very hard not to become overly dependent on Federal money because of the unsure nature of it.

Mr. HAYES. You need more help, you know that, do you not?

Ms. JANSSON. Yes.

Mr. HAYES. What you are doing is hunting bears with a switch.

Ms. JANSSON. Right.

Mr. HAYES. Thank you very much, Mr. Chairman.

Chairman HAWKINS. Ms. Jansson, our reason for separating the adult from the youth program is really not that we do not want to serve the other groups, that is the older women, necessarily, because women as well as men are served by the Job Training Partnership Act. One reason for the separate adult, separate youth programs is for administrative efficiency because for example, performance standards would be different for youth than for the adults.

And in the case of a youth, you might want to reward for having a youth go back to school.

Ms. JANSSON. Right.

Chairman HAWKINS. Whereas, the older worker has a little different problem. That is the only reason for doing it.

Mr. Jontz?

Mr. JONTZ. Thank you, Mr. Chairman. I do have one question for Mr. Wylie. Under H.R. 2039, to improve targeting with regard to adults in the program, there would be a new requirement that not less than 50 percent of the participants would meet one of three circumstances, either reading or math skills below eighth grade, a history of long-term joblessness or substantial unsuccessful work history. Can you give me any estimate as to whether, at the present time, you would be meeting those criteria?

Mr. WYLIE. It describes our current population. Without knowing exactly how one would interpret, you know, meeting those kinds of tests, but as I would sort of common sense extrapolate from that description, that is our current population.

Mr. JONTZ. So, you do not believe that would require any major changes in your particular program?

Mr. WYLIE. No, sir. No.

Mr. JONTZ. Okay, that is my only question, Mr. Chairman. Thank you.

Mr. WYLIE. Thank you, sir.

Chairman HAWKINS. Well, thank you, Mr. Jontz. I would like to again thank the witnesses. That concludes this panel.

Ms. JANSSON. Thank you very much.

Chairman HAWKINS. Panel number two will consist of the Honorable Robert Farrell, City Councilman, testifying on behalf of the City of Los Angeles, Service Delivery Area; and Mr. Daniel Flaming, Executive Director, Los Angeles County Private Industry Council, and also Executive Director of the L.A. County Service Delivery Area.

I would like to especially pay a tribute to my distinguished friend, Councilman Farrell, one of the councilmen from my particular congressional district who, I think, has amassed a very remarkable and very distinguished career in the City Council. And I wish to express my gratitude for all the cooperation and help that he has been able to give to me, personally, and to my district office.

Bob, I suppose you are the first one we will hear from. And I am also made aware of the fact that Mr. William A. Bruce is accompanying you, Councilman. You may wish to introduce him also. Thank you very much. You may proceed.

STATEMENT OF HON. ROBERT FARRELL, CITY COUNCILMAN

Mr. FARRELL. Thank you, Mr. Chairman, and Gus, welcome home. We are glad to have this nice weather that you take for granted in southern California and most certainly in your district and I am glad that——

Chairman HAWKINS. I take credit for it.

Mr. FARRELL. That is right.

Chairman HAWKINS. I am not taking it for granted since I cannot take it with me.

Mr. FARRELL. But we are glad that you all are here. I am here today representing the City of Los Angeles along with Mr. Bill Bruce, one of the executives in our Community Development Department. It is in his unit that we have responsibility for the JTPA program and processes and relationships with the Private Industry Council at the City of Los Angeles.

I chair the City Council's Community and Economic Development Committee which has oversight responsibilities for a number of Federal grant programs, including JTPA.

On behalf of the Mayor and the City Council, I would like to thank you, Mr. Chairman and members of the committee for coming to Los Angeles and we hope that you have a fine stay with us as you address the current issues of the JTPA program.

I would like to thank you, Mr. Chairman, for the opportunity to provide input into your committee's deliberations on modifications to the JTPA program. I am just going to hit some high points, in keeping with your admonition to witnesses to make their points, let the testimony stand for the record, and then be available for questions and comments from the panel.

Since its inception in October of 1983, we, in the City of Los Angeles, have received nearly $250 million in JTPA funds that have allowed us to provide services to approximately 10,000 disadvantaged adults and young people each year, as well as another 10,000 young people each year as part of the summer youth employment training program. We have an active Private Industry Council that affords an excellent relationship with the Mayor and the City Council. And through this partnership, we focus a major portion of our youth program to high risk and at-risk youth, even before the Federal emphasis to do this began to increase.

There are several reasons why we support many of the aspects of your bill, H.R. 2039. And they are listed under the categories of unemployment, drug and gang activity, housing development, illiteracy, and I could go on citing similar statistics for health care, child care, homeless, runaway youth, but the sense of that is in the written testimony.

Looking at our potential client population, which stems from the statistics, we fully support the creation of a separate youth title for JTPA to address the training and employment needs of youth in a comprehensive manner. We strongly suggest that targeting the hardest-to-serve should be the goal of JTPA with priority given to youth with basic skills deficiencies, drop-out, teen parents and similar barriers to employment, but also suggest that Private Industry Councils and local elected officials are in the best position to know local needs.

We feel strongly that federally mandated service levels would limit this local flexibility and could result in one group being served at the expense of others. We support the separate title for summer youth. We have mentioned the experience of 10,000 of our young people each year being important to us. And we are working hard to see that there is a better bridge between the summer youth program and our year-round youth programs.

The increased percentage allocation to SDA's is also a provision we support. Please recognize that our older worker service providers are concerned that the elimination of the three percent set-aside may de-emphasize the services to seniors nationally. In Los Angeles, we are committed to retaining our fine older workers' network regardless of the changes in the legislation. We want to mention that we already augment the three percent funds, older worker funds, with Title IIA 78 percent funds.

Overall, the shift away from state set-asides to providing more local control of these resources is an area we can support. Speaking on behalf of our system, we take issue with the elimination of the fixed unit price contracts. We believe these should be retained as a contracting option. We believe they represent a method of contracting that is performance oriented, focused on outcomes and getting people jobs. It is essentially a fee for service basis and understandable to the business community and our Private Industry Council members.

We have established controls on excess revenues, program income, to insure that it is recycled into JTPA program purposes. Guidelines have been established to insure that cost for services are reasonable. We understand and accept our role, our requirement to operate within parameters and to be held accountable for

the funds. Your bill proposes retaining the current adult funding formula but modifies the youth formula to place greater emphasis on disadvantaged youth in determining funding levels.

We support this disadvantaged population emphasis as it benefits the City of Los Angeles. But because the data base used for any formula in the 1980 census is old, we would feel more comfortable in seeing data showing us the actual effect the change would have, because any formula change would be an area of controversy nationally. You may wish to consider the change after the data on the 1990 census is available.

Finally, I would like to urge you to retain employment generating services as contained in Section 204. I believe this will provide the flexibility to bring resources to bear for economic development and job expansion. This will be critical in the future in the Los Angeles and southern California area as we move to meet federally mandated ambient air quality standards and the Clean Air Act and comply with out own aggressive South Coast Air Quality Management District regulation. They effect many small businesses locally and are and can result in further business and worker dislocation.

I believe we need to retain the tools that JTPA provides to foster small business incubators and procurement centers to develop new jobs and contend with possible small business dislocation.

We would also like to support the addition of provisions to Title III that will insure technical and job training assistance to negatively impacted workers and small businesses unable to comply with air quality regulations. Mr. Chairman, members of the committee, in the Los Angeles area, the air quality rules are being put together rule by rule for industry segment by industry segment.

And when you look at the furniture industry, the paint and solvents industry, the dry cleaning industry, the metal plating industry, they are industries that are small business kinds of industries that incidentally employ people who represent the majority of the population here, people of color.

And we feel that the Clean Air Act or opportunities to interact with the Clean Air Act in JTPA, in part with Section 204 and other provisions that might be established, give us an opportunity in southern California and most certainly in the Los Angeles area to use this Act, as you mentioned earlier, looking to apply technology. The Air Quality District is going to mandate that the industries that are impacted by these rules use the best available technology in those industry segments by date certain.

Someone is going to have to make sure that the small businesses get financial assistance to transition and buy that best available technology and we believe that the economic resources available to state and local government put part of that in place.

But in terms of training the existing workers to be able to use the best available technology and to hold the industries here so that they do not choose, for example, in the furniture manufacturing industry, to say to us in local government, "the people are going to take their industries to the Maciadoria areas along the Mexican border or to other states where they do not have the problems of being in an air quality basin that does not meet standards." We would at least be able to engage them and hold the jobs, provide additional training for those who work and train people

who are going to be going into these industry segments in a new environment where the Clean Air Act says that there has to be new technology and new work rules.

We have been fortunate in having a new state law put in place through the support of Assembly Speaker Willie Brown, A.B. 2444, which emphasizes the use of funds, funds generated from fines levied on industries which are not complying to the provisions of the Clean Air Act or the South Coast Air Quality District rules along with JTPA for small business assistance to further their compliance with the regulations and to help maintain jobs in our communities, to retrain workers to meet the new requirements of the new work environment and the new technology and to train people for the new jobs in the existing industries.

In summary, we are not dissatisfied with the current JTPA legislation. We believe it provides us with the flexibility locally to begin programs for teen parents, to do drop-out prevention programs, programs for youth, unfortunately, associated with gangs and to begin community service centers in five of our housing projects. Our statistics mentioned above indicate that our clients fall in most anyone's definition of most in need. So we can accept the targeting concept with little change to our programs.

We do, however, want to stress the point that local decisions on the mix of services and programs must be retained so that we have the ability to address the needs unique to Los Angeles disadvantaged population. It is suggested that we generally hold that too much Federal prescription can and will erode the interest of the Private Industry Councils and many local elected officials in the JTPA program, especially if the value of local insight and input is perceived as being down-graded.

We believe that local flexibility and contracting methodology must be retained especially where the focus must remain on performance and on placement on the job as the preferred outcome. Thank you very much, Mr. Chairman, for this opportunity and members of the committee.

[The prepared statement of Hon. Robert Farrell follows:]

TESTIMONY OF LOS ANGELES CITY COUNCILMAN ROBERT C. FARRELL BEFORE THE HOUSE EDUCATION AND LABOR COMMITTEE NOVEMBER 3, 1989

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Good Morning Congressman Hawkins and members.

I am Robert Farrell, Councilman of the Eighth Council District of the City of Los Angeles. I am the Chairperson of the the Council's Community and Economic Development Committee which has oversight responsibilities for a number of Federal Grant programs including JTPA.

On behalf of the Mayor and City council, I would like to welcome the Committee to the City of Los Angeles and wish you a fine stay with us as you address the current issues of the JTPA program.

I would like to thank you for the opportunity to provide input into your committee's deliberations on modification to the JTPA program.

At the outset, let me state in no uncertain terms that the JTPA program in Los Angeles has worked well. Since its inception in October of 1983, we have received nearly $250 million in JTPA funds that has allowed us to provide services to approximately 10,000 disadvantaged adults and youth annually, as well as, another 10,000 young people each year as part of the Summer Youth

Employment and Training Program. We have an active Private Industry Council that has forged a good working relationship with the Mayor and the City Council. Through this partnership we have focused a major portion of our youth program towards high-risk and at-risk youth, even before the Federal emphasis to do this began to increase.

Let me briefly give you some background information that led us to refocusing our priorities and it will also show why we support many of the aspects of your bill, HR 2039.

- **Unemployment:** The urban areas of the City where large concentrations of Black and Latino youth reside have unemployment figures seven to eight times the countrywide rate of 4.6 percent.

- **Drug and Gang Activity:** In Los Angeles County, law enforcement officials have identified 404 Black gangs, 320 Latino gangs, 15 "stoners" (ethnically mixed gangs), five (5) white gangs and five (5) political gangs (i.e. racist, "skinheads"). In the first six months of 1989, there were 3560 violent crimes committed by gang members, an increase of 41% over the previous year. Drug use and sales by children are prevalent and can net $400/day for young dealers.

- **Housing:** The cost of shelter in Los Angeles has escalated so rapidly that it is estimated that more than 52,000 families

live in substandard housing and that nearly 200,000 existing housing units are deteriorating and a large number also fail to meet current seismic safety standards.

- **Housing Developments:** Within this City there are 21 housing developments with a population of over 300,000. These housing projects are infested with violence, crime and drugs. Teen pregnancy, illiteracy and unemployment are conditions that exist for many of the residents. The number of female heads of households exceeds 50%. The percentage of residents under the age of 18 is 57%.

- **Literacy:** The Los Angeles Unified School District estimates that at least one million out-of-school youth and young adults are functional illiterates. The Los Angeles 2000 Committee stated, "In 1987, almost half of all applicants for entry level jobs were rejected because of inadequate skills in reading, writing and basic computation." More than 1/3 of AFDC mothers are illiterate, as are 85% of juveniles who appear in court.

I could go on to cite similar statistics for Health Care, Child Care, the Homeless and Runaway Youth, but I think you get a sense of the challenges we are trying to address.

Looking at our potential client population which will stem from the above statistics, we can fully support the creation of a separate

youth title for JTPA to address the training and employment needs of youth in a comprehensive manner.

We strongly suggest that targeting the hardest-to-serve should be the GOAL of JTPA, with priority given to youth with basic skills deficiencies, drop out, teen parents and similar barriers to employment, but also suggest that PIC's and local elected officials are in the best position to know local needs. We also feel strongly that Federally mandated service levels would limit this local flexibility and could result in one group being served at the expense of others.

We support the separate Title for Summer Youth. The summer work experience for 10,000 of our youth each year is important to us. We are working hard to see that there is a better bridge between the summer youth program and our year-round youth programs.

The increased percentage allocation to SDA's is also a provision we support. Please recognize that our older worker service providers, however, are concerned that the elimination of the 3% set-aside may deemphasize the services to Seniors nationally. In Los Angeles, we are committed to retaining our fine older workers network regardless of the changes in the legislation, and should mention that we already augment the 3% funds with Title IIA-78% funds. Overall, the shift away from State set-aside to providing more local control of these resources is an area we can support.

We do take issue with elimination of Fixed Unit Price Contracts. These should be retained as a contracting option. They represent a method of contracting that is:

- performance oriented
- focused on outcomes (getting people jobs)
- essentially a fee-for-service basis
- and understandable to the business community and PIC members

Controls have been established on "excess revenues" or "program income" to ensure it is recycled into JTPA purposes. Guidelines have been established to ensure that costs for services are reasonable. We understand and accept our role to operate within these parameters and to be held accountable for these funds.

Your Bill proposes retaining the current adult funding formula but modifies the youth formula to place greater emphasis on the disadvantaged youth population to determine funding levels. This emphasis on the disadvantaged population is supported by us as it should benefit the City of Los Angeles. Because the data base used for any formula (the 1980 Census) is a decade old, we would feel more comfortable seeing data showing us the actual affect the change would have. Because any formula change will be an area of controversy nationally, you may wish to consider the change after the 1990 Census is available.

Finally, I urge you to retain "employment generating services" as contained in Section 204. This will provide the flexibility to bring resources to bear for economic development and job expansion. This will be more critical in the future in Los Angeles as we move to meet federally mandated ambient air quality standards and to comply with our own aggressive South Coast Air Quality Management District regulations. This will affect many small businesses locally and can result in business and worker dislocation. We need to retain the tools that JTPA provides to foster small business incubators and procurement centers to develop new jobs to contend with possible small business dislocation. We would also support the addition of provisions to Title III that will ensure technical and job training assistance to negatively impacted workers and small businesses unable to comply with air quality regulations. A recently enacted State law (AB 2444 - W. Brown) emphasizes the use of funds, including JTPA, for such small business assistance to further their compliance with these regulations.

In summary, we have not been dissatisfied with the current JTPA legislation. It has provided us the flexibility here locally, to begin programs for teen parents, drop-out prevention programs, programs for gang youth, and to begin community service centers in five of our housing projects. As you can see from the statistics mentioned above, our clients fall in most anyone's definition of most-in-need, so we can accept the "targeting" concept with little change to our programs. We do, however, stress the point that local decisions on the mix of services and programs must be retained so that we have

the ability to address the needs unique to Los Angeles' disadvantaged population. Too much federal proscription can and will erode the interest of PIC's and local elected officials in the JTPA program, especially if the value of local insight and input is downgraded. Finally, local flexibility in contracting methodology must be retained, especially where the focus must remain on performance, and on placement in a job as the preferred outcome.

Thank you again for this opportunity to address your committee on these very important issues.

Chairman HAWKINS. Thank you, Bob. The other witness is Mr. Daniel Flaming, Executive Director, L.A. County Private Industry Council.

STATEMENT OF DANIEL FLAMING, EXECUTIVE DIRECTOR, LOS ANGELES COUNTY PRIVATE INDUSTRY COUNCIL

Mr. FLAMING. Thank you very much, Mr. Chairman and members of the committee for the opportunity to present testimony on behalf of the Los Angeles County Private Industry Council.

I will attempt to move succinctly through my prepared testimony.

In terms of the proposals in H.R. 2036 to target most at-risk participants, we support these provisions because we are increasingly seeing a divided labor market which is polarized between low skilled, low paid, high turnover jobs on the one hand and skilled, stable well paid jobs on the other hand. We see a common public interest in moving our participants and our potential workers into the skilled and more productive part of this labor market.

Looking at the County's own youth programs, 42 percent of the individuals we now enroll meet our definition of hard-to-serve. We are doing a variety of innovative things to achieve this. This still falls short of the proposed 50 percent minimum service level for at-risk participants contained in H.R. 2039. But our recommendation is that this standard is both feasible and needed. In terms of improving program quality and accountability, there are three areas in which I would recommend that program quality should be further strengthened.

First, our findings indicate that youth between 14 and 18 years of age benefit more from developmentally oriented, competency based programming than from programming oriented to immediate job placement. Younger participants have a weak labor market attachment as well as a lack of skills and work history that makes them less competitive in the labor market. Youths 14 to 18 years of age have much lower post-program employment and retention rates than older youths. We should increase our emphasis on literacy and socialization skills rather than job placements for younger participants. I will enlarge on that later in terms of my comments on performance standards.

Second, our system challenged to strengthen assessment services for young people to enable both youth and the agencies serving them to have a more accurate understanding of their interests and opportunities. Only one out of four of the youth who were employed a year after placement are still with their original employer. Of black youth, only one out of ten is still with their original employer. To some extent this may simply reflect a normal proclivity of youth for job-hopping as they sample the market and move in and out of educational and work experience.

It is also true, however, that it is the youth with the lowest placement wages that leave their employers most frequently and that most of those who find new jobs achieve substantial increases in their wages. This indicates that we need to have a more accurate and complete understanding of the expectations and potentials of youth we train.

Third, we need to increase the coordination of JTPA with other sources of assistance for our trainees. At a minimum, this includes education, welfare, rehabilitation, justice system and residential shelter agencies.

Lip service is frequently paid to coordination of services, but it is difficult to achieve in practice. These organizations have institutional perspectives and practices that differ from our job training agencies, yet their help is essential for success in dealing with at-risk clients. The populations being targeted for service by H.R. 2039 cannot be served adequately by job training agencies alone. It is particularly important that there be more effective cooperation between schools and JTPA, however, to achieve the remediation that is called for by this bill.

I do not believe that it is practical to legislatively mandate this cooperation because it has to be developed in ways that fit the differing needs of each community. I would recommend that you consider designing incentives to reward organizations which succeed in knitting together services and sources of funding so as to respond in a comprehensive manner to the needs of at-risk participants. In response to this committee's interest in improving program accountability, I would recommend that you consider using unemployment insurance data base information to evaluate the gains achieved by JTPA participants in terms of employment and earnings.

This is a powerful tool for evaluation which has not been tapped. And finally, in terms of the interest of this committee in examining performance standards, the increased emphasis of H.R. 2039 on assisting individuals most at-risk of failing in the labor market tilts expectations toward responding to the needs of individuals and creates a corresponding increase in the difficulty of achieving standardized requirements of the labor market. Consequently, I would recommend that the performance standards be modified in three ways.

First, there should be decreased emphasis in the two-year planning process on placing youth, particularly 14 to 18 year olds, in jobs. Instead, there should be increased emphasis on achievement of competencies. Second, there should be decreased emphasis on placing and training-related jobs. There does not appear to be a correlation between hourly wages and training-related employment because our findings indicate the participants receive higher wages in non-training-related jobs that they generally find on their own after initial placement than in training-related jobs.

Since it sometimes difficult to place at-risk participants in any job, much less a training-related one, it would be helpful to ease this requirement. Third, consideration should be given to recognizing competency based achievements of at-risk adults. It is difficult, for example, to achieve a high level of job placements with adults who have a history of long-term dependency on public assistance. It would be more practical to serve this population by recognizing and rewarding major achievements on the path to employment, such as the attainment of a GED certificate.

In conclusion, I would like to express my support for the provisions of H.R. 2039 that retain the current composition of Private Industry Councils. It is our experience that the private sector majority of our Council has been one of our greatest strengths. And I would also like to thank this committee for the opportunity to offer testimony for your consideration. Thank you.

[The prepared statement of Daniel Flaming follows:]

TESTIMONY OF DANIEL FLAMING
LOS ANGELES COUNTY PRIVATE INDUSTRY COUNCIL
BEFORE THE
HOUSE COMMITTEE ON EDUCATION AND LABOR
NOVEMBER 3, 1989

Increasing Services to Individuals Most At-Risk of Failure

Our Private Industry Council has determined that its mission it to enable the most at-risk individuals in Los Angeles County to build skills which will help them achieve lasting self sufficiency. Serving the dropout or offender population, for example, poses difficult challenges. But there are far greater social costs in neglecting the needs of these individuals.

High school dropouts are increasing in this county. Many of these youth are poorly motivated, lack fundamental literacy skills, and are unacquainted with the responsibilities and demands of the work world.

The good news is that our regional economy is growing steadily and creating jobs which could support a decent quality of life for many of these individuals. The bad news is that entry-level, low-skilled jobs for which young people are typically qualified are becoming increasingly scarce. Specifically, 45 percent of the jobs being lost from declining industries in this region are low skilled, that is they require less than eight grade educational skills and six months training. On the other hand, only 36 percent of the jobs we are gaining in growing industries are low skilled. We are increasingly seeing a divided labor market which is polarized between low skilled, low paid, high turnover jobs on the one hand and skilled, stable, well paid jobs on the other hand.

Looking at our youth program, 42 percent of the individuals we enroll meet our definition of "hard-to-serve." That is:

27.4 percent are school dropouts
9.3 percent are single heads of households
9.2 percent have limited English speaking ability
7.0 percent are handicapped
11.4 percent are justice system offenders.
21.0 percent read at less than a seventh grade level
31.5 percent are welfare recipients

Our youth program includes a large scale project to provide intensive assistance for youth released from probation camps and a residential project for young women released from county jail. Our program still falls short of the 50 percent minimum service level for at-risk participants proposed in H.R. 2039, but my recommendation is that this standard is both feasible and needed.

Separate Programs for Adults and Youth

In our experience youth and adult programs require different expertise and program structures. Although these two populations should be served through separately designed programs it is not clear to me that creating separate titles for them within the Job Training Partnership Act will cause this to happen. On the other hand, I do not anticipate that any damage will be caused by the creation of a separate youth title in JTPA.

I support the provisions in H.R. 2039 that retain the current structure of the Summer Youth Employment and Training Program. This program is implemented through a large scale, intense burst of activity in the summer and receives a high level of voluntary support from contractors and community members. If it is restructured as a more routine, less intense, ongoing program this voluntary support might diminish.

Improving Program Quality and Accountability

The results of Los Angeles County's job training program have been more encouraging than recent national studies. Of the youth who are placed in jobs, 82.2 percent are still employed at thirteen weeks and 62.4 percent are still employed after a year. The average earnings of youth a year after placement is $5.73 an hour, with 43 percent earning over $6.00 an hour.

There are three areas in which I would recommend that program quality should be further strengthened.

First, our findings indicate that youth between 14 and 18 years of age benefit more from developmentally oriented, competency based programming than from programming oriented to immediate job placement. Younger participants have a weak labor market attachment as well as a lack of skills and work history that makes them less competitive in the labor

market. Youth 14 to 18 years of age have much lower post program employment and retention rates than older youth. We should increase our emphasis on literacy and socialization skill rather than job placements for younger participants.

Second, assessment services for youth should be strengthened to enable both youth and the agencies serving them to have a more accurate understanding of their interests and opportunities. Only one out of four youth who are employed a year after placement are still with their original employer. Of Black youth only one out of ten is still with their original employer. To some extent this may simply reflect a normal proclivity of youth for job hopping as they sample the market and move in and out of educational and work experiences. It is also true, however, that it is the youth with the lowest placement wages that leave their employers most frequently and that most of those who find new jobs achieve substantial increases in their wages. This indicates that we need to have a more accurate and complete understanding of the expectations and potential of youth we train.

Third, we need to increase the coordination of JTPA with other sources of assistance for our trainees. At a minimum this includes education, welfare, rehabilitation, justice system, and residential shelter agencies. Lip service is frequently paid to coordination of services but it is difficult to achieve in practice. These organizations have institutional perspectives and practices that differ from those of job training agencies yet their help is essential for successfully serving at-risk clients. The populations being targeted for service by H.R. 2039 cannot be served adequately by job training agencies alone. It is particularly important that there be more effective cooperation between schools and JTPA programs in order to achieve the remediation that is called for by this bill. I do not believe that it is practical to legislatively mandate this cooperation because it has to be developed in ways that fit the differing needs of each community. But I would recommend that you consider designing incentives to reward organizations which succeed in knitting together services and sources of funding so as to respond in a comprehensive manner to the needs of at-risk participants.

In response to the Committee's interest in improving program accountability, I would recommend that you consider using the Unemployment Insurance data base to evaluate the gains achieved by JTPA participants in terms of employment and earnings.

Modification of Performance Standards

Job training programs are called upon to serve the varying needs of individual participants as well as to meet the standardized needs of employers for qualified workers. Because H.R. 2039 would place increased emphasis on assisting individuals most at-risk of failing in the labor market this mix of expectations would be tilted more toward responding to the needs of individuals and there would be a corresponding increase in the difficulty of achieving the standardized requirements of the labor market. I would recommend that performance standards be modified in three ways.

First, there should be decreased emphasis on placing youth, particularly 14 to 18 year olds, in jobs. Instead, there should be increased emphasis on achievement of competencies.

Second, there should be decreased emphasis on placement in training related jobs. There does not appear to be a correlation between hourly wages and training related employment because our findings indicate that participants receive higher wages in non-training related jobs than in training related jobs. Since it is sometimes difficult to place at-risk participants in any job, much less a training related job, it would be helpful to ease this requirement.

Third, consideration should be given to recognizing competency based achievements of at-risk adults. It is difficult, for example, to achieve a high level of job placements with adults who have a history of long-term dependency on public assistance. It would be more practical to serve this population by recognizing and rewarding major achievements on the path to employment such as attainment of a GED certificate.

Conclusion

I would like to express my support for the provisions of H.R. 2039 that would retain the current composition of Private Industry Councils. In our experience the private sector majority on our Council has been one of our greatest strengths. I would also like to thank this Committee for the opportunity to offer testimony for your consideration.

Chairman HAWKINS. Thank you, Mr. Flaming. With respect to performance based contracting, all three of the bill proposals before us require the SDA's to charge all of the program expenditures to training, administration and supportive services. Do you agree with this or disagree and why?

Mr. FLAMING. The version that we find most workable is the version contained in the bill which you are putting forward. We currently have a tiered system in which we have joint powers of authorities of cities which do subcontracting, so we do regional master planning, have cities to contracting and then have operating agencies for about half of our program. And we divide our administrative costs between the county level and the city level. We think this is a valuable system and we think it would operate more straightforwardly within the 20 percent administrative ceiling that you are proposing. So we would support that.

Chairman HAWKINS. Thank you. Mr. Farrell, if you care, you could have Mr. Bruce also supplement your remarks at this time on that or any other part of the testimony that has been given. Mr. Bruce, we welcome you before the committee also.

STATEMENT OF WILLIAM BRUCE

Mr. BRUCE. Thank you, Mr. Chairman. Thank you. I would like to just touch on a few of the things that Councilman Farrell presented to you perhaps by way of amplification.

He indicated that a couple of years ago the City of Los Angeles began targeting 50 percent of its youth dollars towards the high risk youth programs. And this did not come along easily. It was an ad hoc committee of our Private Industry Council that spent about nine months looking into this. But we felt that this was the way to go. And we are certainly supportive of your legislation that validates the approach that we have taken over the last couple of years.

I think it is also critical to note that our City Council, this last year, put 1.3 million dollars of general fund money to augment not only JTPA, but other programs, other Federal programs dealing with at-risk youth. This was to serve sort of as the glue, if you will, to bring some coordination between the programs and to start looking at areas of service where we have not gone before.

One of the areas that we have recently gone into is our city housing projects where we have approximately 21 housing projects throughout the city with over 300,000 residents in those projects.

We have begun five service centers in those projects—core funding from JTPA—to provide training and job services, also to link up with other support services for those residents. I would like to mention that with regard to targeting, that the vast majority of our participants already fit within the definition. It is also interesting to note in the GAO's report on services and outcomes for participants with differing needs, one of the 63 agencies that was surveyed was the City of Los Angeles.

And there is a table in there at Appendix Seven which shows the percentage of people in their sample that were most job ready, what they call intermediate job ready or people generally that have one barrier plus being economically disadvantaged and then

the least job ready, those that have multiple barriers and are economically disadvantaged. Los Angeles is the only SDA of the 63 that had no participants in the most job ready category in the sample. All of them had at least one or multiple barriers to employment. Now, we are not saying that that sample represents everything, but I think it gives you a good picture of the fact we have been serving the most in need. That is where we have targeted our programs and it has not been easy, but when you look at it, it becomes very rewarding that we are doing what the legislation wants us to do.

I think that the point that the Councilman made about local control and flexibility in determining service mix is important. It has allowed us to focus our programs where we think the need has been greatest. I would like to also maybe address a couple of the questions that you asked the prior panel with regard to state set-asides and the summer youth program.

The summer youth program, we believe, should be retained as an identifiable program. We are working very hard to, as the Councilman said, bridge our summer youth program to our year-round programs but we also feel it very important to touch the lives of about 10,000 kids each year who may not end up in our year-round JTPA programs for one reason or another. We also have the ability to reach down and touch the 14 and 15 year olds, the kids who we have a real high chance of making a change in their life and being able to do something that can turn their lives around and make sure that they are on the right track.

So, we feel very strongly about this. We have increased our summer remediation programs and our work study programs. So, I think we are very supportive of the retention of that as an identifiable item. The area of state set-asides, we, of course, believe that if money comes to the local level, that is where the decisions are best made in the uses of those funds.

With regard to the three percent program, the older workers in the City of Los Angeles, I believe, have expressed their concern to you. We do have a good older workers' network. It is set up with a central coordinating organization. We have seven training providers. We are able to get this together with the three percent money.

But, as the Councilman said, in Los Angeles, we are committed to retain that in any event. We have already begun by putting II-A 78 percent into those programs in addition to the three percent. The eight percent money which does not change in your legislation—I should mention that in California, we have not really been able to use that for educational coordination. That, in California, has primarily been directed at providing educational opportunities to AFDC recipients. And we believe that that is a very worthy goal and a noble target group to focus on, but it has not allowed us the ability to do some innovative things with that eight percent money as we did in the first couple of years of JTPA, before the state mandated the focus.

With regard to the six percent set-aside, that is basically the incentive money that comes to SDA's who have achieved all the performance standards as set forth by the Federal Government. We have been fortunate in the last five years to receive over $4 million in six percent incentive funds. This has allowed us to begin pro-

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grams with the purpose of addressing some of our hardest-to-serve groups such as the homeless.

We have begun programs for the homeless with that level of funding. You may wish to consider whether the cutback to three percent on that is appropriate. I think that this is an area where we do have the potential for capacity building through technical assistance as well as the use of funds to begin some innovative programs. I think with that, I will conclude my remarks and I am available for questions also.

[The prepared statement of William Bruce follows:]

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**STATEMENT OF WILLIAM A. BRUCE
BEFORE THE HOUSE OF REPRESENTATIVES COMMITTEE ON
EDUCATION AND LABOR ON H.R. 2039 AMENDMENTS TO
THE JOB TRAINING PARTNERSHIP ACT**

NOVEMBER 3, 1989

Mr. Chairman and members of the Committee, I am William Bruce, Director of the City of Los Angeles Service Delivery Area. I would like to thank you for the opportunity to testify on H.R. 2039 as it proposes amendments to the Job Training Partnership Act.

I wish to echo Councilman Farrell's comments regarding the success of the JTPA programs in the City of Los Angeles and the ability of our Private Industry Council and local elected officials to locally direct a program that has already moved to meet many of the concerns expressed by national policy makers.

Two years ago we began targeting 50% of our youth dollars to programs focused on at-risk youth, such as gang members, dropouts, teen parents and youth in City Housing projects. Local general fund resources have been provided to augment JTPA funding. We have secured teachers from the Los Angeles Unified School District to bring basic skills and remediation curricula and programs to our community based JTPA service providers. We have developed programs to address emerging occupations in the health care field resulting from two of today's growing health problems---AIDS and senile dementia.

All this is to say that the current legislation has provided the local flexibility to address local issues and the needs of local business and participants. We are therefore supportive of the "fine tuning" approach of H.R. 2039 to building on the current strength of JTPA, and encourage you to retain the principles of local decision making, local program design and service mix, and the focus on performance outcomes as you continue to deliberate on changes to JTPA.

TARGETING:

The issue of increased targeting to the most-in-need has been widely discussed. Because we are already engaged in that process locally, I would like to share with you some of the reasons why we believe that the concept must be approached from a permissive rather than a proscriptive basis.

- "Workforce 2000" already exists in Los Angeles. The 1990 census will bear out what we know exists here today. Our eligible population is already composed of a large number of immigrants, women and minorities; our native born youth population is decreasing; our new workers lack the basis and technological skills to effectively compete in the labor market.

- The vast majority of our participants already meet the test of having at least one barrier to employment in addition to being economically disadvantaged. This is borne out by the General Accounting Office study released in June of 1989 on JTPA entitled "Services and Outcomes for Participants with Differing Needs." The City of Los Angeles was included in that study along with 62 other SDA's. The study categorized participants into three groups: "More Job Ready", "Intermediate Job Ready" (at least one barrier), and "Less Job Ready" (multiple barriers). Los Angeles was the only SDA in which all of the sampled participants had at least one barrier to employment. (GAO/HRD-89-52 JTPA Service and Outcomes; Appendix VII).

Because of the above, we are confident that we can meet the most proscriptive targeting criteria but the point is that a nationally determined list of "designated barriers" is not going to be right for all SDA's and certainly won't be right for a large segment of the disadvantaged population.

We must guard against a tendency for the only job training program available to address the needs of our youth and adult poor, becoming a program for the "poor plus," i.e. poor + a dropout, poor + teen parent, etc. Flexibility to modify the "designated barriers" list must be available at the local level, perhaps with State review and approval.

An area of great unmet needs is our growing class of working urban poor. These are individuals working full time at the minimum wage. Note that California already has a $4.25 minimum wage and that still results in only a $775 per month gross wage. When you consider that typical housing costs run $400 to $500 per month (East Los Angeles and South Central---not West Los Angeles) you can see that there is a whole group out there who have training needs and are at the poverty level but may just not fit into a nationally structured list of "designated barriers."

SEPARATE YOUTH EMPHASIS:

We support the emphasis placed on youth by providing for separate subtitle in JTPA. Our PIC moved two years ago to do much the same thing internally. We also support the move to a funding distribution formula that is based more upon the relative number of disadvantage residents rather than on the relative number of unemployed residents. Although it may appear parochial for a large urban SDA with a large concentration of disadvantaged persons to advocate a change to such a formula, the fact is well documented that a formula tied to the unemployment rate is less stable and more prone to volatile funding swings than a formula based on the economically disadvantaged population. Funding stability is important to long range planning for services. For this reason, the change in the funding distribution formula should be phase-in to minimize program disruption.

We would also like to caution the Committee to look carefully at drawing too tight a distinction between serving in-school youth and out-of-school youth in terms of service goals. It would appear that service levels again would best be left to local determination. Emphasis should be placed on the needs of the individual participants based on assessment (i.e. basic skills differences, vocational skill level, prior work experience) rather than whether a young person is in or out of school. Out-of-school youth may be drop outs, or high school graduates where graduation was based on "seat time," not accomplishment.

In school youth could have similar needs and deficiencies as out-of-school youth, but have chosen to remain in the school environment. Let the PIC's and local elected officials sort this out and determine the appropriate level of resources to address the needs of this group. However, if a nationally mandated target does prevail, please consider that it be based on expenditure of funds rather than on number of participants served. Our experience is that in-school youth can be served in greater numbers at less cost because the schools pay for a number of services from their State funding. We would not wish to restrict our in-school program to comply with participation percentages for out-of-school youth, particularly since such percentages cannot be finally calculated until the year is over.

SEPARATE SUMMER YOUTH SUB-TITLE:

We support the continuation of the Summer Youth Program. This program allows us to touch nearly 10,000 kids each summer. Many of whom would get no exposure to the world of work otherwise. Like most SDA's, we are working to provide better bridges between our summer program and our year-round youth program.

We are expanding our summer remediation components and work-study programs each year but remain convinced that the ability to provide a summer work experience for a large number of our

disadvantaged youth is beneficial. This program should definitely remain open to all disadvantaged youth without adding any of the "poor plus" targeting restrictions.

STATE SET ASIDES:

We generally support the concept of more funds flowing directly to the local level with fewer set-asides at the State level. In California for example, the 8% education coordination funds do little for education coordination. The funds received by SDA's are mandated by the State to provide basic skills, remediation and English as a second language education for AFDC recipients. While this is a deserving group and welfare reduction is a worthy goal, it does not appear to be consistent with the Congressional intent for the use of these funds.

We have previously expressed the concerns of our older workers training network on the elimination of the 3% set aside for older workers to the Chairman. In Los Angeles, we remain committed to funding our older workers programs regardless of the outcome of the status of the set aside percentage.

PERFORMANCE STANDARDS:

Performance Standards have set JTPA apart from other federal programs in that for the first time a common yardstick has been used for measuring results in a national program. The recent move to focus on longer term results has been a good one. A move away from the strict cost standards is also welcome as the need for longer term (and more expensive) training exists to address the needs of a more difficult to serve population. We do, however, advise caution as you consider the move to measuring adult competency attainment that this is not left as an end in itself. The focus of JTPA must remain on the employment attainment outcomes. This has been the thrust of JTPA; it has been what has garnered the

private sector's support for the program, and it has been what has distinguished this program from prior manpower programs.

Adult competency attainment and educational enhancement should be milestones on the road to getting and retaining a decent paying job. It should also be noted that setting up a system to measure such intermediate outcomes can become complex and expensive to administer.

We do agree that incentives to SDA's should be based on services to the most-in-need population factors, as well as, on an ability to exceed the performance standards. This would be consistent with the move of the system to increased targeting while retaining the emphasis on increasing overall performance and program outcomes.

COST LIMITATIONS:

The current cap of 15% on Administrative expenditures is very tight. An increase to 20% would be desirable under current circumstances and an absolute necessity if the proposal to eliminate fixed unit price contracts is approved. Local budget processes, with review by PIC's and local elected officials are in place in most SDA's to ensure every effort is made to keep administrative expenditures as low as possible. The increase in administrative funding will allow for capacity building which can lead to stronger program management, better monitoring and program analysis, and an overall reduction in audit problems.

Similarly an increase in allowable funds for support services goes hand in hand with providing greater opportunities for participants to stay in long term training. Short of legislative approval for stipends for long term classroom training participants, this increase should provide flexibility for service providers to consider "learning reinforcement payments" or other financial incentives to motivate participants for skill and competency attainment.

OTHER ISSUES:

Fixed Unit Price Contracts

The Fixed Unit Price method of contracting should be retained as a local option. It has focused the system on outcomes rather than process which is consistent with the intent of the JTPA legislation. Why should JTPA be prevented from using this method of contracting when other federal agencies use it? It is essentially a fee for service, payment for completed product system that is common place in the private sector and therefor understandable to the business community and likewise to PIC members.

Recent changes in US DOL policies ensure that excess revenues earned under such a contract must be rechanneled back to JTPA purposes. Controls are in place now to assure that up front, "arms length negotiations" take place to make sure that unit costs are reasonable. The entire JTPA system is on notice that these contracts will continue to a primary focus of Federal audit activity.

Need for Common Definitions

Although not specifically addressed in HR 2039, the need for uniform definitions between JTPA, Wagner-Peyser, JOBS, Vocational Education (applied technology programs) continues to be a growing concern and is an issue that needs to be addressed at the federal level. This is an issue that can be directly tied to enhancing the coordination and linkage mandate of JTPA.

Presumptive Eligibility

Another area for future consideration should be the designation of automatic JTPA eligibility for AFDC recipients and other transfer payment clients. This could reduce paperwork and create less of a burden on the client who now has to go through a separate eligibility determination process for JTPA.

CONCLUSION:

The City of Los Angeles Private Industry Council and Service Delivery Area recognizes that after five years, the JTPA legislation is due for some fine tuning and revision. As this process occurs we urge that the following principles of the original legislation be reaffirmed:

- The public/private partnership concept for public governance of job training and employment programs

- Local flexibility in decision making and policy development, to respond to local needs

- Accountability must accompany decision making and local leaders are in the best position to decide upon and be accountable for policy making and oversight.

- A performance system that is oriented to outcomes (job placement and retention) rather than process and is simple enough not to diffuse JTPA's mission with too many complex measurement and adjustment systems.

The success of the JTPA program during its first six years can be directly attributed to these principles and the ability of the JTPA system to adapt to the changes of the economy, local demographics, and community needs.

We feel confident that the JTPA system will continue to do a professional job in meeting the needs of our participants, our employer community, our policy makers, and the tax payers with the administration of quality programs based on the above principles.

Again, thank you for the opportunities to provide these comments. I will be available to answer any questions.

Chairman HAWKINS. Mr. Bruce, while commending you and the city for some very excellent things you have done, I would like to share with you two of the major complaints that we have received, not only from Los Angeles, but some other major cities. I think on two consecutive occasions, you have turned back summer jobs money and we have not been able to explain this to the Appropriations Committee when we were seeking additional money. Do you have an explanation? It could be a budget quirk. I do not know, but it is very difficult not having knowledge of it to explain why in cities such as Los Angeles of all places, summer money would not be completely used.

Mr. BRUCE. I believe that was a couple of years ago when there was a state mandated recapture policy for the summer youth program. We did have some funds that were recycled because in the summer youth program, when you are dealing with 10,000 young people, they do not all stay for the entire time. We have to manage a system where we try to do some over-enrollment so that we can achieve those expenditure levels.

Occasionally, what will happen is, towards the seventh week of the program, some of those young people feel, "Well, okay, we have been working. Now, we want a little bit of summer vacation before we go back to school." And at that point, it is very late in the system for us to be able to say, "Okay, let us bring somebody else in." I believe, sir, that that only happened on one occasion and it was a very minor amount of money.

In the past three years, our summer youth expenditures have been at a minimum of 93 percent of the total allocation. This year, I think, we are going to be right at 100 percent.

Chairman HAWKINS. Well, memory may fail me. I thought it was on two consecutive occasions, but I will not quibble over that. What you are saying is, for the past three years that has not been true.

Mr. BRUCE. That is correct.

Chairman HAWKINS. The other major complaint that we received is that Hispanics are being under-served by JTPA and that as a group they are falling between the cracks. Would you comment on the extent to which Hispanics are being included or excluded?

Mr. BRUCE. We do not believe that they are being excluded. The State of California has legislation that was introduced by then Assemblywoman Gloria Molina, now a member of our City Council, that required all service delivery areas in California to serve women and minorities in the disadvantaged population in the approximate representation that they are in the population as a whole. The State, therefore, puts out guidelines to us as to what those service levels should be based on the demographic information that it gathers.

We have consistently been within the allowable range. They have about a ten percent leeway in that. We serve in excess of 35 percent Hispanics in both our adult and youth programs. The demographics show that that is right on target with the incidents of Hispanics within the population. But let me say that with the recent amnesty requirements, we are seeing a growing number of Hispanics, limited English-speaking Hispanics, and we are right now moving to deal with that population.

It is a case here in the City of Los Angeles that we have English as a second language programs that are operating on a 24 hour a day basis by the Unified School District so that they can accommodate the amnesty requirements for this new growing segment population. We feel that, by and large, we have met the needs with the resources that we have had available and we are moving to increase that because of the increased flow from that amnesty population group into our JTPA system.

Chairman HAWKINS. I have had an opportunity to preview certain sections of a report which is done by a rather prestigious and certainly reliable Hispanic organization. When we receive that report, I would like to share it with you and at that time, have you comment on it more specifically so that if the allegations have merit, certainly we want to get to the bottom of it. But, not having the report before us at this time, it would be probably unwise to comment on it too much, but I appreciate having the opportunity of sharing it with you when the committee receives the official report.

Mr. BRUCE. Another report that may be of interest to you is a report that I believe will be released soon by the National Commission on Employment Policy. And we did provide testimony to the Commission when it was out here. Both Deputy Grace Montinez Davis and I testified and we did bring some of that information to bear for the committee.

Chairman HAWKINS. Thank you very much. Mr. Hayes?

Mr. HAYES. Thank you again, Mr. Chairman. Let me say that I am impressed with the testimony and I do not want you to think that I am overly praising you, but it seems to me, as I listen to your testimony and reviewed your statement, Councilman Farrell, that 200—you said $250 million you receive from the Federal Government, I think, over a six-year period that started in 1983, which means about $4 million a year—$40 million a year, you have—and you serviced, I guess, 10,000 youth per year under the summer youth program, another 10,000 per years, which means that is 60,000 in each instance following my arithmetic, and you said you had a little money left over for a year or two. And let me suggest to you, should that occur again, I would be glad to come and pick it up for Chicago, at least not have it go back from whence it came.

But the point that I am merely getting at is, your unemployment figure, you say, runs seven to eight times higher than the countrywide rate, which means it is running somewhere clearly around 30 percent among the people in this category, youth particularly. Yet, at the end, Mr. Farrell, you indicated that—maybe I misunderstood you—what you said is tantamount to, "If it is not broke, do not fix it." You are satisfied with the current situation. Did I misunderstand you?

Mr. FARRELL. No, you did not misunderstand me, sir. What I am saying is that, when you look at the parts of the systems where some say it is broken, I think we along with cities across the United States would like to have people come and show us how we can keep people, for example, those who start off week one, day one, and who start dropping out and week five, six, seven and allow for these monies to pile up and stay up. We would welcome anybody from the public or private sector to come and show us what

we can do to keep people in programs when they choose to step out.

And it is those funds that were made available to the enrollees in the first place that are not expended, that contribute to the monies that go back. So, it is one of those kinds of technical glitches.

Mr. HAYES. One of the problems we find is that much of the money that is appropriated for these kind of social programs is usurped in administrative costs and never really goes for the kind of programs that they are designed and appropriated for. It seems to me you are awarded that at least by making sure that much of the funds that you receive from the Federal Government goes for the programs for which they are designed. You, I think, will find the same position I stated to the previous panel, we stand on the threshold of—if we follow the current path, of having less money to fund these kind of programs. In fact, JTPA is one program that stands in complete jeopardy of elimination and certainly, given the kind of track record you have had here, it would indicate that this program has been very helpful and should certainly not be considered as one that should be eliminated, because you have done a lot.

That is the reason I want to just say to you that some of your colleagues from this area need to be joined with my good Chairman here and support these kind of programs, because some of them are fairly weak when it comes to supporting.

Mr. FARRELL. I understand exactly what you are saying, Mr. Hayes, and I agree with you.

Mr. HAYES. Okay, thank you, Mr. Chairman.

Chairman HAWKINS. Thank you. Mr. Jontz?

Mr. JONTZ. Thank you, Mr. Chairman. Councilman, you note that the Hawkins legislation would put greater emphasis on the disadvantaged youth population to determine funding levels for that portion of the program, and quite honestly, that would not help our area in particular, although I understand the reason it is being done. But I did want to note your observation that perhaps it would be wise to wait to use the 1990 census data, and I would endorse that. I have not had a chance to speak to the Chairman about it, but I wanted to note that particular recommendation in your testimony.

The other thing I want to ask you about is that you did warn us early in your statement that federally mandated service levels could limit local flexibility and result in one group being serviced at the expense of others. Would you explain in a little greater detail what your concerns are as so far as the bill now reads or how it could read that would give you difficulty so far as limits of flexibility?

Mr. FARRELL. Mr. Bruce will comment.

Mr. BRUCE. I think the point that we are making here is that as you look at a community with as many diverse groups as the City of Los Angeles has in it disadvantaged population. We feel that there ought to be equal access by the disadvantaged population, we feel that there ought to be equal access by the disadvantaged population to Federal job training programs. And to the extent that requirements are placed on who can come in, who may not come in, the fear is that we may ultimately get to a system where, rather

than focusing on the disadvantaged or the poor, we are going to have a program for the poor plus; poor plus drop-out, poor plus teen parent, poor plus some other requirement.

Five years down the road maybe somebody will wonder whatever happened to the Federal job training program for the poor? And I think in part of my testimony I cited one of the growing areas is the working poor. In California we already have the minimum wage of four and a quarter. That only represents on a monthly basis, a salary—gross salary of $775. Housing costs here are staggering. In the Councilman's district which is not the west side, by any means, housing costs are $400 to $500 a month.

So, we have—when you prescriptively target, you have the situation where, without flexibility in that, you are not going to be able to serve needs that very well may need to be served. We would, perhaps, suggest that any listing of designated barriers, if you will, carry with it the flexibility and the ability to perhaps have that listed added to as part of your two-year plan with the concurrence of the Governor; so that that local flexibility to address the population that you find in your own particular SDA can be met.

Mr. FARRELL. And Mr. Jontz, it gets to be a political problem, too. For those of us who represent inner-city constituencies in the City of Los Angeles, it is often hard for us to get the consent and the active participation of our colleagues who do not necessarily represent inner-city constituencies, if we cannot have a system in place that is primarily designed and functions. As Mr. Bruce said, we have to serve the poor. Yes, we have to have the categories established at the Federal level addressed and addressed properly. But there is more poor than that. And, thus, the tension. And, thus, in our system serving people over a 452 square mile area, where you find the tradition inner-city and only a portion of that, we are, in that perspective of a system and system management, very, very concerned that we have the flexibility to do what is appropriate to get the public support, to get the political support necessary to be active viable participants, to have community-based organizations and service providers, be able to function as a system with standards that apply to everyone, that are accepted by everyone and will meet anyone's test and anyone's inspection.

Mr. JONTZ. I appreciate the further amplification and I thank all three of you for your statements. Thank you, Mr. Chairman.

Mr. HAYES. Could I ask, Mr. Chairman, one more question of Mr. Flaming?

Chairman HAWKINS. Mr. Hayes.

Mr. HAYES. You mentioned in your prepared statement that the drop-out rate of high school students is increasing. What level it is approximately now on a percentage basis? And what is the reason, do you think, for the increase?

Mr. FLAMING. It varies by geographic area and by income group. And we are, of course in Los Angeles County, seeing a large influx of immigrants from Central America. We have had a long-standing population that is clearly impacted. And so I think, in part, it reflects our changing demographics and social turbulence. In many of our inner-city areas, we report drop-out rates in the area of 40 percent. And these statistics are not highly reliable but the indications are that this trend is going upwards in our county and it is in

direct opposition, of course, to the higher skill laborers—levels that the labor market is requiring out there.

Mr. HAYES. You said that the California minimum rate is four twenty-five now?

Mr. FLAMING. That is correct.

Mr. HAYES. You mean it is 90 cents above what current level is federally.

Mr. FLAMING. Yes.

Mr. HAYES. Do you see an indication that you want to keep that same spread above? I hope so.

Mr. FARRELL. Well, Mr. Hayes, some of us want it to go higher than that. And as the Chairman said about JTPA being a compromise, so is that four and a quarter. Some wanted to go up $5, $5 plus.

Mr. HAYES. I would like to see you blaze that trail. Thank you very much.

Chairman HAWKINS. We are leading the Nation. Thank you, gentlemen, and we appreciate the testimony. The next panel will consist of Mr. Robert Gutierrez, Executive Director, Archdiocese of Los Angeles Education and Welfare Corporation; Mr. Martin Ulloa, Ulloa—Martin, when you begin your testimony, please give your correct pronunciation. I have come as close as I can possibly get; and finally, Mr. Ruben Treviso, Veterans and Community Service, Incorporated, also representing the American G.I. Forum. I am trying to speak Spanish with a German brogue.

Mr. TREVISO. You are doing a good job.

Chairman HAWKINS. Thank you. Mr. Gutierrez, we will hear from you first.

STATEMENT OF ROBERT GUTIERREZ, EXECUTIVE DIRECTOR, ARCHDIOCESE OF LOS ANGELES EDUCATION AND WELFARE CORPORATION

Mr. GUTIERREZ. Thank you, Mr. Chairman and I also want to thank the other members of the committee for the opportunity to take a few minutes to make this presentation. I am not one to work on popularity, but I think there is a few points of truth that need to come to the surface.

Let me state that the organization I work for, the Archdiocese of Los Angeles, has been operating federally funded job training programs for the past 25 years. I have had the good fortune to spend 20 of those years with that organization in this line of work. They currently serve approximately 1200 youth from low income families. Ninety-five percent are minority. About 65 percent at Latino, 25 percent black and the remainder are Asian and white.

It is evident that changes are needed to the current delivery system of providing job training for economically disadvantaged youth and adults. Some of these changes are addressed in the proposed amendments to the Job Training Partnership Act under H.R. 2039. However, as a practitioner in the field for nearly years, there are some comments which I would like to make which hopefully will strength the proposed amendment.

Our youth population faces severe problems, particularly those whose lives are touched by poverty and bleak environmental condi-

tions which make it ever more difficult, if not impossible, to transition into mainstream America. Our job training programs need to focus on prevention rather than rehabilitation, especially given the limited available funds. This can be accomplished by targeting those youth who have not completed their secondary education, including those who are high school drop-outs. And I might add that your amendment clearly points out to the need to get to those youth who are not high school drop-outs but rather those who are attempting to complete their secondary education as well as those who have dropped out of the system, which I think is very important.

The latter should be given opportunities, namely the high school drop-outs, to return to school, either through part time employment opportunities or enhanced support services. I might add that one of the criticisms of the current JTPA programs is that all the money is spent for administration and training but, for whatever reason, the participant support funds are not being used to the extent that they should. Stipends are needed, clothing, transportation and other support services to insure that these youth will stay in training and complete their training.

Serving the most at-risk requires considerably greater resources than what is currently available. Consequently, the delivery system must focus on prevention where it can impact the greatest numbers of young people living in poverty. Another issue is whether or not JTPA should be responsible for providing academic assessment and remediation. It is my understanding nearly $300 billion is spent nationally for primary and secondary education. How can we expect JTPA to correct the serious problems of functionally illiteracy among 40 million Americans when we only have approximately $3 billion being spent for job training?

JTPA should serve as a catalyst between the educational system and employers rather than attempting to intervene in correcting the deficiencies of our educational system. The proposed amendment is correct in separating the adult and youth entitlements. This insures that our youth population receives its fair share of Federal job training funds, an important factor given its preventative nature and the fact that it targets funds at a more difficult to serve population, which is the youth population, a very unstable group, I might add.

Although it is important to clearly identify specific costs, the Department of Labor has already required full disclosure through its recent regulatory changes, an increase of administrative costs from 15 to 20 percent at the service delivery level is not the answer. Already the state consumes five percent for administration without any direct visible benefits. An additional five percent will result in one-fourth of the available funds being spent on a thing we call administration.

Perhaps what is needed is direct funding from the Federal Government for large service areas such as the City of Los Angeles and the County of Los Angeles. Our present performance standards appear adequate with perhaps need for more emphasis on competency attainment for youth. If we are to provide services to youth 14 and 15, then more hours of direct subsidized employment are needed. The current 500 hour limitation under exemplary youth

programs is barely sufficient to insure that high school seniors complete their secondary schooling. This limit should be increased to at least 2500 hours with progressive benchmarks performance for satisfactory completion of each grade level.

I might add that a lot of the youth are dropping out at the beginning of high school and that is where we need to catch them before they leave that system. Too many of our youth living in poverty are leaving school well before they reach their senior year. Long-term training is needed versus the short-term, quick solutions emphasized under the present legislation. Again, emphasis is needed on prevention given our limited resources.

Another area which has not captured much attention is the establishment of administrative standards for evaluating management at the SDA level. Our present system in Los Angeles involves considerable and needless red tape which detracts from JTPA's attempt. It is for this reason I fear increasing the percentage of administration at the SDA level. What we need is a more streamlined approach toward a delivery system without excessive requirements imposed on delivers by multi-level governmental bodies. Thank you.

[The prepared statement of Robert Gutierrez follows:]

Summary of Testimony Regarding H.R. 2039

by

Robert L. Gutierrez

It is evident that changes are needed to the current delivery system of providing job training for economically disadvantaged youth and adults. Some of these changes are addressed in the proposed amendments to the Job Training Partnership Act (JTPA) under H.R. 2039. However, as a practitioner in the field for nearly twenty years, there are comments which I would like to make which hopefully will strengthen the proposed amendment.

Our youth population faces severe problems, particularly those whose lives are touched by poverty and bleak environmental conditions which make it ever more difficult, if not impossible, to transition into mainstream America. Our job training programs need to focus on prevention rather than rehabilitation, especially given the limited available funds. This can be accomplished by targeting those youth who have not completed their secondary education, including those who are high school dropouts. The latter should be given incentives to return to school, either through part-time employment opportunities or enhanced support services (e.g., stipends, clothing, transportation, etc.). Serving the most at risk requires considerably greater resources than what is currently available. Consequently, the delivery system must focus on prevention where it can impact the greatest numbers of young people living in poverty.

Another issue is whether or not JTPA should be responsible for providing academic assessment and remediation. With nearly 300 billion spent nationally for primary and secondary education, how can we expect JTPA to correct the serious problems of functional illiteracy among 40 million Americans? This requires greater cooperation by our public schools in working with JTPA service providers. JTPA should serve as a catalyst between the educational system and employers rather than attempting to intervene in correcting the deficiencies of our educational system.

The proposed amendment is correct in separating the adult and the youth entitlements. This ensures that our youth population receives its fair share of federal job training funds, an important factor given its preventative nature and the fact it targets funds at a more difficult to serve population.

Although it is important to clearly identify specific costs, the Department of Labor has already required full disclosure through its recent regulatory changes. An increase in administrative costs from 15 to 20 percent at the service delivery level is not the answer. Already the State consumes five percent for administration without any direct visable benefits. An additional five percent will result in one fourth of the available funds being spent on administration. Perhaps what is needed is direct funding from the federal government for large service areas such as the City of Los Angeles and the County of Los Angeles.

Our present performance standards appear adequate with perhaps need for more emphasis on competency attainment for youth. Furthermore, if we are to provide services to youth 14 and 15, then more hours of direct subsidized employment are needed. The current 500 hour limitation under Exemplary Youth Programs is barely sufficient to ensure high school seniors complete their secondary schooling. This limit should be increased to at least 2,500 hours with progressive benchmarks of performance for satisfactory completion of each grade level. Too many of our youth living in poverty are leaving school well before they reach their senior year. Long term training is needed verses the short term quick solutions emphasized under the present legislation. Again, emphasis is needed on prevention given our limited resources.

Another area which has not captured much attention is establishment of administrative standards for evaluating management at the SDA level. Our present system in Los Angeles involves considerable and needless red tape which detracts from JTPA's intent. It is for this reason I fear increasing the percentage of administration at the SDA level. What we need is a more streamlined approach to our delivery system without excessive requirements imposed on deliverers by multi-level governmental bodies.

Chairman HAWKINS. Thank you. Mr. Ulloa.

Mr. ULLOA. Yes, Mr. Chairman. Yes, you said my name better the second time.

Chairman HAWKINS. I am learning. I am improving.

Mr. HAYES. Would you repeat it again? I missed it.

Mr. ULLOA. Ulloa.

STATEMENT OF MARTIN ULLOA, EXECUTIVE DIRECTOR, S.E.R./JOBS FOR PROGRESS

Mr. ULLOA. This is an honor and a pleasure and a first for me to make testimony in front of a group such as this. You know my name. I am the Executive Director of Central Los Angeles S.E.R./Jobs for Progress, Incorporated. We are one of many affiliates throughout the country with our national headquarters located in Dallas, Texas. Our program, to give you some background, is one of the few that continue to operate a very lengthy classroom training program in clerical occupations after the transition from CETA to JTPA. During the first two years of JTPA, I guess, we managed to adequately pay our expenses and transition into the new regulations, but then the burden of no stipends tended to effect our performance.

We were working with limited English speaking, primarily people with little or no work experience in the clerical occupations and we provided 15 percent of our operating budget towards supportive services. Needless to say, one of the most expensive parts of supportive services is child care, which can range anywhere from $1000 for a person with one dependent to up to $2000 for three dependents.

And we have had 16 year old applicants or 17 year old mothers with three dependents in our program. So, needless to say, when you trying to offset some of these costs with a six dollar an hour job, after six months of training, it is not always a positive outcome.

We had to adjust in order to keep alive and viable within the JTPA system. So, we had to make adjustments. We shortened our length of training to 14 weeks, upgraded the typing skill, which we had no typing ability requirement, necessarily upgraded it to 25 words per minute and imposed a sixth grade language proficiency in our program in order to stay competitive and meet our day-to-day operating expenses.

The proposed amendments to JTPA under H.R. 2039 will have an effect on our program in that it will be more costly because now we will have additional documentation to further certify that the person is eligible for training. I always have to pass the buck when a person comes to me and says, "You want me to provide all of those documents and now you want me to show you that I am illiterate also?" I tell them, "I do not make the laws. I just have to carry them out as they are told to me," because I cannot justify it to them.

Applicants will leave my office in disgust and go elsewhere. Additionally, we will need to look for more automated forms of testing in trying to certify that a person is basically illiterate and we are currently looking at anywhere from $40 to $50 thousand in pur-

chasing equipment that will help us meet those objectives. Fortunately, with the help of our national office in Dallas, Texas, that has been on the National level keeping watch for us. They have solicited corporate assistance that will help us to buy such equipment over an extended period of time and be more manageable as opposed to coming up with a large amount at one time.

Working with persons with long-term dependency on public assistance, one of the problems that we have faced is trying to upgrade their skills and place them in a job that pays $6 an hour. The $6 an hour job does not come close to replacing what welfare offers them. So, it provides very little incentive for them to leave the security of their social benefits and take on a $6 an hour job, where now they have a minimum of $1000 worth of child care costs to cover and go through the process of dragging their children from one facility at 5 o'clock in the morning so that they can be on the job at 8 o'clock.

In closing, I think that your amendments are good for the people who are disadvantaged, who are limited English speaking. Here in the Southwest, we do have a growing number of people who have been given the privilege to work in this country, who are personally involved in legalizing over a thousand residents here in Los Angeles. And we know, in talking to them, that they are all limited English speaking. We are moving in the right direction, but as a service provider, it is going to be difficult for us. Thank you.

[The prepared statement of Martin Ulloa follows:]

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Mr. Chairman, this is an honor and a pleasure to be able to share my thoughts on the up coming proposed changes to JTPA. My name is Martin F. Ulloa, Executive Director of Central Los Angeles SER-Jobs For Progress, Inc. We are primarily funded by the City of Los Angeles Community Development Department.

Our program was one of few that continued to maintain a lengthy classroom training program in clerical occupation for limited English speaking applicants. We know from past experience that people with extreme deficiencies will take longer to train, more that six months and less likely to get placed in these occupations because of lack of confidence, and discrimination against their accent. Supportive Services were very costly, ranging from $600 to $2,000 per participant, depending on the number of dependents.

Our program was unsuccessful in generating the number of placements as required by the funding source.

In order to correct these situation, we had to make program changes. We shortened the length of training to 14 weeks, ungraded the typing requirement from no typing ability to 25 words per minute, and imposed a sixth grade language proficiency level requirement.

The proposed amendments under H. R. 2039 will have an affect on our program. Under Section 203.(a)(2) Additional Requirements. This will require us to further document an applicants qualifications

to receive JTPA services. This adds to time required to certify an applicant and more costly. Additionally, We will need to look for a more efficient with to teach and track basic skills through automating our testing and instruction process. Our initial for such an upgrade is approximately $40,000 in computers and software in addition to salaries.

Working with long term dependency on public assistance, from our past experience, we have not been able to place participants with no experience in jobs paying wages higher than $6.00 per hour. These wages do not compete or substitute with welfare benefits. Child care alone will cost them $250 per month for one dependent.

In closing I would like to suggest, that the funding source should accept part of the liability for the participants that have tried and did not terminate with a positive outcome.

Chairman HAWKINS. Thank you. Mr. Ruben Treviso.

STATEMENT OF RUBEN TREVISO, VETERANS IN COMMUNITY SERVICE, INC., ALSO REPRESENTING THE AMERICAN G.I. FORUM

Mr. TREVISO. Thank you, Mr. Chairman. Mr. Chairman, Mr. Hayes, Mr. Jontz, thank you for the opportunity to address this distinguished body of elected officials and concerned citizens regarding the Job Training Partnership Act, and H.R. 2039 as introduced on April 18th, 1989.

My name is Ruben Treviso and I am a Deputy with the Veterans in Community Services, Incorporated. I am also the Vice Chairman of the American G.I. Forum for Los Angeles and Orange Counties.

I am very familiar with job training programs as I have served as the National Director for the American G.I. Forum in Washington and had great input into the Board of Directors' National Jobs for Progress. We, at present, provide services to approximately 32 cities in southeast Los Angeles County. I completely concur, Mr. Chairman, with your comments on the focusing of the Job Training Partnership Act (JTPA), and the findings of the General Accounting Office, that those most in need are not being served.

As you have stated, Mr. Chairman, the Work Force 2000 report of the Department of Labor predicts that the majority of new entrants into the future work force will include minorities and immigrants, many of whom will be lacking employment skills. I ask that this distinguished body also read into the record two reports that were released earlier this year by the National Commission for Employment Policy. These reports are research reports. One is entitled "Who was served in JTPA programs, patterns of participation in the inner-group equity," and the other is "Services to Hispanics in JTPA, implications for the system."

These two reports lay out a strategy of how to provide services for those most in need. By providing the services in JTPA for those most in need and the hardest to reach will, in and of itself, insure that all of those individuals in those categories will avail themselves of the services. One of the main reasons for the poor direction of national employment policy concerning Mexican Americans and Afro-Americans is the absence of either group on the board of the National Commission for Employment Policy.

As of the last count, the Commission consisted of six white males and one white female. Over the last few months, we have tried to recommended, coerce, force, press conference and battled to get the Commission to insure that the input of minority communities is included on their Commission. We will continue our attempts to try and change the focus of the National Commission on Employment Policy to include that community and those individuals that are most in need, the minority communities of this country.

The recommendations and amendments to the JTPA program are laudable but their successes depend on their implementation by the local Private Industry Council, which have all too frequently excluded competition within their structure and many times have led to mismanagement, questionable practices and the reward of incompetency. The Los Angeles Private Industry Council has recently been cautioned by the Department of Labor for these prac-

tices. We feel that if there was some of an open competitive bid process among service providers, much of the abuse would not take place.

Those individuals that are hardest to serve do not require that much additional money. In a recent study that we conducted on the homeless population and the veterans population, in Los Angeles County, in order to be able to provide services to those individuals and enter them into the employment market, we would only raise our JTPA allocation per individual fifteen percent. As I might add, there is approximately 60,000 homeless individuals on Los Angeles County. Thirty or 35 percent of that population are veterans. That is approximately 16,000 people that we feel we might be able to provide services and programs with the monies available.

Presently, I have met with Secretary Kemp yesterday and we talked about conceptualization of providing the facilities to these veteran populations. I am also working with the Los Angeles County Commission on Veterans and Military Affairs. And jointly, we hope to pull together the resources and individual attention to serve that homeless population that is most in the news as of late.

The Los Angeles County Community Development Commission recently concluded a major test program regarding mothers of AFDC, that is Assistance for Families with Dependent Children. Their study, after a test project of four years, showed that given the joint funding of JTPA, local resources, corporate resources, also jointly with the Housing and Urban Development, that individuals can receive an equitable and liveable income. They also can free themselves of the ongoing chain of the attachment of the AFDC dependency.

There are solutions available and there are ways to get the systems into practice. But what we need is cooperation amongst all entities at the local and state and national level. I have included copies of the front pages of the two reports that I refer to in my presentation. Hopefully, those two reports will be included in the Congressional Record. We are, at present, attempting to find other resources to be able to add to our ability to provide the best service possible.

Once again, Mr. Chairman, thank you for the opportunity to address this distinguished body. And we will continue in our attempts to change the composition for the National Commission on Employment Policy. Thank you.

[The prepared statement of Ruben Treviso follows:]

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Honorable Augustus Hawkins and .....thank you for the opportunity to address this distinguished body of elected officials and concerned citizens regarding the Job Training and Partnership Act H.R. 2039 as introduced on 4/18/89.

My name is Ruben Treviso and I am with the Veterans in Community Service, Inc. (VICS), a non-profit corporation established in 1977 to provide an array of services to the communities of Southeast Los Angeles County.

. completely concur with the Honorable Ausgustus Hawkins's comments on the refocusing of the Job Training Partnership Act (JTPA) and the findings of the General Accounting Office that those most in need are not being served. As the Honorable Hawkins has stated that" The Workforce 2000 report of the Department of Labor predicts that the majority of new entrants into the future workforce will include minorities and immigrants, many of whom will be lacking employability skills.

I ask that this distinguished body also read into the record two reports that were released earlier this year by the National Commission for Employment Policy. Those reports being the research reports:

1. "Who is served in JTPA programs: Patterns of participation and intergroup equity."

and,

2. " Services to Hispanics in JTPA: Implications for the System".

One of the main reasons for the poor direction of National Employment policy concerning Mexican-Americans and Afro-Americans is the abscence of either group on the National Commisison for Employment Policy. As of the last count, the commission consisted of six (6) white males and one white female.

The recommendations and amendments to the JTPA program are laudible, but their ccess is dependent on there implimentation by the local Private Industry Council (PIC) which have all too frequently excluded competition within their structure and have led to mismanagement, questionable practices, and the rewarding of incompentency. The Los Angeles County Private Industry Council has recently been cautioned by the Department of Labor for these practices. We feel that if there were more of a open competitive bid process amongts service providers much of the abuse would not take place.

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DRAFT

SERVICES TO HISPANICS IN JTPA: IMPLICATIONS FOR THE SYSTEM
(Working Title)

by

Carol Jusenius Romero*
National Commission for Employment Policy

April 1989

*The author is solely responsible for the contents of, and opinions in, this paper.

WHO IS SERVED IN JTPA PROGRAMS: PATTERNS OF PARTICIPATION AND INTERGROUP EQUITY

by

Steven H. Sandell
National Commission for Employment Policy

and

Kalman Rupp, WESTAT Inc.

February, 1988 RR-88-03

RESEARCH REPORT SERIES
NATIONAL COMMISSION
FOR EMPLOYMENT POLICY
1522 K STREET, N.W.
WASHINGTON, D.C. 20005

Chairman HAWKINS. Thank you, Mr. Treviso. You brought up, I think, a very important point about coordination. I would assume the veterans are served not only by JTPA, but through Veterans Affairs and other programs. To what extent do you find a coordination of effort or is it that the veterans sometimes are confused as to where to go for help or what is their best approach? Who attempts to coordinate?

Mr. TREVISO. Well, we are attempting to coordinate the efforts right now ourselves. We have met with Colonel Joe Smith of the L.A. County Commission on Veterans and Military Affairs. And we are seeking, jointly, the drafting of proposals to be able to find additional monies to provide those services. His office is located in downtown Los Angeles, Patriotic Hall, where a large number of the homeless presently reside. We are working with various groups to establish shelters throughout the county area and provide a better coordinated effort.

A lot of veterans, themselves, view entities such as the County and City as bureaucracies with a lot of red tape in which there is no assistance. They are correct. This was demonstrated this past year when a large group of homeless veterans camped out on the Veterans Administration grounds in Westwood, asking for space and availability of services. They were denied. But it is only through advocacy and working in coalitions and groups to be able to make the programs cost effective and to be able to provide services to those individuals who are most in need.

I might also add, studies we have seen have shown that ten percent of all those that served in Vietnam came from this area. And that is why we have so many thousands of veterans that are homeless in the Los Angeles area.

Chairman HAWKINS. You also mentioned that the process would work much better if there was open competition. What really do you mean by that?

Mr. TREVISO. Open competition, I believe, may be that private corporations should become more involved in the process. Recently, I had several corporations call me asking for training for bilingual-type computer input staff. It is pretty easy to train individuals on that, six to eight weeks. But that service does not seem to be provided at present or they were unable to find an agency that provided that particular service.

The open competitive bid, we, ourselves, Veterans in Community Services have, for the last four years, provided services during the summer to youth that fall in the categories of drop-out or potential drop-out, have not completed their high school equivalency or high school diplomas. These youth would like to maybe have this kind of training and support throughout the year, as you mention in your legislation. We totally support that legislation.

But the open competitive bid process of Los Angeles Private Industry Council has forbade us from competing with the other agencies for an ongoing JTPA program. We, ourselves, and other agencies, they have the expertise of over a decade of experience in the field, are in fact being denied access to that competitive bid process and have been denied monies for those programs which we would hopefully be able to run throughout the entire year.

So, we are doing it on summer youth employment budget monies now and we see no reason why we should not continue this program throughout the course of the year as you mention in your legislation.

Chairman HAWKINS. Well, we agree with you. Mr. Hayes?

Mr. HAYES. Mr. Gutierrez, your statement tends to contradict what I had said to the previous panel. I thought that you had been able to hold down administrative costs here in servicing this kind of program. But you mention that increasing administrative costs from 15 to 20 percent at the service delivery level is not the answer. You say already the state consumes five percent for administration without any direct visible benefits. An additional five percent will result in one-fourth of available funds being spent on administration. Is that the current situation?

Mr. GUTIERREZ. Well, we know we have at least 20 percent and it is being spent before it ever gets to the operational level. Adding another five percent before it ever gets to the operational level would just another five percent less that is put with the organizations that actually do the work and that is provide the job training.

Mr. HAYES. Do not let me leave here with the wrong conclusion; $250 million that you have in here in Los Angeles County——

Mr. GUTIERREZ. That does not include the five percent that the state already captured for whatever they do. Okay, so——

Mr. HAYES. They are not doing nothing, you say.

Mr. GUTIERREZ. I do not think so.

Mr. HAYES. I am not trying to say, you know——

Mr. GUTIERREZ. I know, that is for administration to coordinate, but see California is a big state. And Los Angeles is a pretty big city. And I remember the old MDTA days and we operated a very similar program and we only spent six cents out of every dollar. Ninety-four percent was going for direct participant benefits. Then along came CETA and we saw that increased to nearly 20 cents and 80 cents going for direct participant benefits. And now comes JTPA and I am not so sure it is the most efficient vehicle.

Now, I know the statistics look impressive but I think somebody mentioned creaming and I thought—and I saw a lot of short-term programs with not a lot of long-term results in terms of retention and employment.

Mr. HAYES. You said perhaps what is needed is direct funding from the Federal Government to large service areas such as the City of Los Angeles——

Mr. GUTIERREZ. Yes.

Mr. HAYES. [continuing] and the County and bypass the State.

Mr. GUTIERREZ. Yes. I think it is a more direct route. I think you will eliminate a level of government that, you know, in my opinion, is not doing us much good here in L.A.

Mr. HAYES. I just wanted to make sure I understood clearly. And thank you, Mr. Chairman.

Chairman HAWKINS. Well, I think related to his figures, I think, given earlier that some $300 billion, as you expressed, is spent on elementary and secondary education——

Mr. GUTIERREZ. Nationally.

Chairman HAWKINS. [continuing] and less than $4 billion on training. However, the three hundred billion for education includes the states and local governments.

Mr. GUTIERREZ. That is correct.

Chairman HAWKINS. And the less than four billion for JTPA is exclusively Federal. Now, if the state, as you said, was claiming that percentage for administration and you were not so sure whether they deserve it or whether they were doing their job, if they would put up some money in addition to the Federal Government as they do in the area of education—as a matter of fact, they put up much more than the Federal Government which is only about six percent, of that $300 billion, only six percent is local, that is state and local districts.

Now, if the state were to put up some, and I would think that that is where we should begin to look, some additional support because the Federal Government is not putting up very much for training. And the state is practically out of the field all together. And local government is not involved. And yet, all three levels benefit. So, perhaps, we should look for much more support from the state or else not give them any additional money if they do not see any need to put up some. So, I think your statement was a lot more profound than you realize.

Mr. GUTIERREZ. Yes, that is true. Mr. Chairman, my concern is that, in the last ten years, I have seen a rather significant decline in Federal funds being spent for job training. And yet, I am looking at operators, such as ourself, being asked to do more and more. The point that I was trying to get across was essentially, can we be expected to take care of the education and remediation needs as a mandate on top of everything else we are trying to do and with less resources?

Now, what we do is we rely on the public school, the diocesan schools and whatever other resources that we can tap into without spending JTPA funds. But now we are being asked to, in effect—we cannot use that resource. We are being told we have to use JTPA resources to provide the remediation which does not make sense when you have all this other money floating around for the educational or academic requirements.

Chairman HAWKINS. Well, we cannot do much about that. We are not supposed to advocate issues or to crusade. We are supposed to go out and get facts. But unfortunately, we should be out advocating not just fooling around with a bunch of lousy facts. The point is that employment and training programs have been cut back by over 50 percent since 1979.

Mr. GUTIERREZ. This is correct.

Chairman HAWKINS. Yeah, and you cannot do a better job, you know, with a greater need and less money to do the job with. And yet, Mr. Sinunu and some other persons at the National level keep talking about how much money we are throwing away, as if we are, in a sense, going down the street just throwing the money away. And yet the cut-backs are taking place and they are taking place at the Federal level. And you have not seen the worst of it yet. Next year is going to be a lot worse because the people do not know really what is happening. And until they wake up to the fact that we are headed for some serious problems in this country, that

we are in what is comparable to World War II, and we have to mobilize for some real action and get out there and start crusading. But that is not supposed to be what this committee is supposed to do. We are supposed to be reserved and not talk about it.

Mr. GUTIERREZ. Well, Mr. Chairman——

Chairman HAWKINS. But we appreciate some of you expressing yourselves because you are absolutely right.

Mr. GUTIERREZ. [continuing] it is all connected. We may be spending less on job training now, but we are certainly spending a whole lot more money on institutionalizing people.

Chairman HAWKINS. Well, they bad-mouthed CETA until they got rid of that. When they got rid of CETA, they got rid of about $10 billion and training and job opportunities. Let us face it, they did not like it because it was doing a reasonably good job. And they got rid of it. And now they have another program which they will soon get rid of that one, because it is getting to be so tiny or so puny that it is going to die from malnutrition. But I hope that, through these hearings and through those of you who testify before the hearings, that we will at least be able to hold on to some of it until we can do better.

Mr. GUTIERREZ. Well, it is all connected, Mr. Chairman. I think that when we cut back on job training and the kind of preventative programs I speak of, then we are looking at spending more money down the line on putting an ever increasing number of minorities in jails and prisons. And if you ask me, there has to be a more humane approach.

Chairman HAWKINS. Well, you are certainly right. Mr. Jontz?

Mr. JONTZ. Mr. Chairman, let me associate myself with your remarks and observations. Mr. Gutierrez, Mr. Ulloa, I thank you very much for your statements—very helpful statements—and Mr. Treviso also. I want to add just very quickly, I believe that I am the only member of the full Education and Labor Committee who is also a member of the House Veterans Affairs Committee. And I am very concerned about job training opportunities for our veterans. I know we have had some good programs through the Veterans Committee which, regrettably, have lapsed. The Veterans Job Training Act is not being funded by the Congress, even though it was proven to be very helpful in providing opportunities for employment for veterans.

Perhaps I ought to look at this issue of coordination and see if there is some interface between the responsibilities of these two committees which could be better improved. I do want to sidetrack myself for just half a minute to mention to you that if you have ten percent of the veterans from the Vietnam era in this area, you are talking about, based on the research that VA did last year, 40,000—plus veterans who are currently suffering from PTSD—post-traumatic stress disorder. Now, I mention that because it is a very serious problem with regard to employment for many veterans, and I have authored some legislation which I think both Chairman Hawkins and Mr. Hayes have co-sponsored, to improve the job that the VA does in addressing those problems.

I appreciate the observation of Mr. Gutierrez that these things are all related and this hearing this morning has been very helpful in pointing out some of those relations and what some of the chal-

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lenges are that face us. Let me simply conclude by saying thanks to you and to our previous witnesses for the very good statements.

Mr. TREVISO. Thank you, Mr. Jontz.

Chairman HAWKINS. We would like to extend the appreciation of the committee to all three of the witnesses. You have been most helpful. And after we go on to Chicago for another hearing with Mr. Hayes, eventually, we will be back, I think sometime later in the fall, at which time we will have some of the reports referred to before the committee and perhaps we can get into the problems in an even more specific way. Thank you very much.

Mr. HAYES. Mr. Chairman, I have one question.

Mr. Gutierrez, about stipends. What do you have in mind, the Colonel North type?

Mr. GUTIERREZ. No, no, I think we should be up-front and stay within the limits of the law, but I do not think you can expect—I agree, we should increase that 15 to 20 percent.

Chairman HAWKINS. Well, stipends were permitted under the CETA program.

Mr. GUTIERREZ. Yes, but with all the red tape, they made it impossible for people to use them.

Chairman HAWKINS. Yeah, well, I agree with you. We will tried to clarify that, but instead we got the JTPA which, in effect, eliminated stipends all together. And now we are not in a position except through a waiver kind of approach to do anything about it.

Mr. GUTIERREZ. You cannot expect a poor man to get job training when he cannot take care of basics.

Chairman HAWKINS. Well, we do not expect it but there are some people who do.

Mr. GUTIERREZ. I agree. I understand.

Chairman HAWKINS. Well, thank you very—wait, I'm sorry.

Mr. TREVISO. Mr. Chairman, could I ask one question?

Chairman HAWKINS. Yes, sir.

Mr. TREVISO. Being as we move into the year 2000, the private sector will be the group that benefits the most from the well-trained educated employment pool. What can we do to bring in the private sector and make them more committed to insuring their future?

Chairman HAWKINS. Well, we want to try to do that. We have a hearing this afternoon and all of you are invited back at 1:00 p.m., on Workforce 2000.

What we are trying to do in that proposal is to involve the private sector. We started out with the defense industries, many of which are based here in southern California, but throughout the Nation they have more than $80 billion worth of contracts. And we are trying to get some of them to put a little bit, just a little bit of that back into training and reaching problems, including reaching minorities and women and so forth, who are under-represented. And that is the hearing this afternoon.

So, we are not trying to approach this thing with one simple bill. We know that is not going to do the job all together, but the other bill will attempt to reach that problem, Workforce 2000, and to involve the private sector, to ask them out of the Federal money which they receive, to put a little bit of it back in, in order to help us train the workers that they need. And they are going to benefit

and all of us are going to benefit. And they are going to benefit as well. So that is the afternoon hearing. Thank you very much.

Mr. TREVISO. Thank you very much, Mr. Chairman.

Chairman HAWKINS. I want to issue an invitation to everyone for this afternoon's hearing and obviously, we hope that we will be able to get the type of testimony that will help further the cause that you just mentioned. Thank you. The committee is adjourned.

[Whereupon, at 11:14 a.m., the committee adjourned.]

[Additional material submitted for the record follows.]

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United States Senate

October 30, 1989

The Honorable Augustus F. Hawkins
Chairman
House Committee on Education and Labor
2181 Rayburn House Office Building
Washington, D.C. 20515-6100

Dear Augustus:

Enclosed is the testimony of Carlos Gonzales, President-Elect of the National Employment and Training Association in New Mexico, and the State Supervisor of the Vocational Technical and Adult Education, Special Projects, on H.R. 2039, legislation to resuthorize the Job Training Parternship Act.

I respectfully ask that this testimony be included in the record of the hearing on H.R. 2039, which you are conducting starting on November 2, 1989. I believe this testimony merits your attention.

Thank you, and, as always, best regards.

Sincerely,

Jeff Bingaman
United States Senator

JB/cm
Enclosure

cc Carlos Gonzales

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POSITION STATEMENT

OF

STATE EDUCATION AGENCY REPRESENTATIVES

ON

AMENDMENTS TO THE JOB

JOB TRAINING PARTNERSHIP ACT (P.L. 97-300)

September, 1989

Introduction

This position statement is intended to provide a summary of various professional views concerning amendments to Public Law 97-300, the Job Training Partnership Act (JTPA). Representatives of state education agencies (SEAs) have conducted an intensive review of the purposes, outcomes, and proposed changes for that portion of JTPA legislation which allows the Governor to retain a portion of Title IIA of each state's JTPA allotment for state educational programs. While commendable in their intent, current proposals before the Congress to amend the JTPA legislation could be improved. Further, appropriations should be increased to meet the demands for serving targeted populations specified in the proposed amendments.

Recent Reports

A report recently released by the National Center for Research in Vocational Education (1989) summarizes the use of the 8-percent set-aside for SEAs. In its introductory statements the National Center report notes:

> "Given the almost complete lack of information on the effectiveness of different education and training programs in promoting employment for their students and clients, there is no strong evidence at this point to justify many of the most thorough proposals to revamp the coordination requirements in either the Perkins Act or JTPA." (pg 4-5)

Researchers for the National Center note the importance of maintaining a set-aside of the state's basic training allotment to allow SEAs to continue their role in coordinating education and job

training programs. The National Center's report concludes as follows.

> "Overall, however, our interviews produced a general agreement at both the state and local levels that the 8-percent funds have stimulated progress and experiments that would never have been established without this set-aside. A variety of institutions, including adult schools, high schools, community colleges, and technical institutes, have participated in JTPA that would never have otherwise come into contact with the job training system. . . ." (pg.19)

Other recent reports have addressed the important need to improve the acquisition of basic and technical skills for new and existing workers. Reports such as the American Society for Training and Development's Workplace Basics: The Skills Employers Want and the JTPA Advisory Committee's Working Capital: JTPA Investments for the 90's make it clear that the nature and character of the job training system must provide for quality education and training. To be sure, America's future will depend in large part on the preparation of workers--many of whom will not attend college.

The sum and substance of these reports, and others, encourages the states' education community to continue its' upward trend of more rigorous study of the basics, e.g., reading, writing, mathematics. Clearly, SEAs must continue to play a key leadership role to effect significant educational gains for students--including JTPA clients.

Unique Features of the 8-percent Program

In their deliberations, SEAs have identified several unique features of the current JTPA 8-percent set-aside. Several examples are provided to illustrate the use of the 8-percent allotment.

1. State education agencies have used the 8-percent set-aside to leverage funding from other sources. In Wisconsin, 8-percent funds have been supplemented with funding from the Carl D. Perkins Vocational Education Act, vocational rehabilitation, adult basic education, welfare, and other programs to pilot four Job Centers. The Job Centers promote "one stop shopping" for education and training services. Also in Wisconsin, JTPA 8-percent funds are used as a catalyst to bring about institutional change in how schools serve at-risk youth. In Florida, 8-percent funds have leveraged more than $22 million dollars from other federal and state sources. Notably, a substantial number of states are using 8-percent funds to keep at-risk youth in school which creates income for the school by increasing their average daily attendance.

2. State education agencies have played a key role in brokering educational technology for local service delivery agents. Nebraska and Tennessee have used local community colleges to establish assessment centers for JTPA client intake and assessment. Iowa and Oklahoma have used 8-percent funds to support unique educational programs in their states' correctional facilities. Michigan's Family Employability Development materials are being used to improve family literacy. Minnesota will provide customized training and educational services through satellite to the state's 17 Service Delivery Areas.

3. State education agencies have used 8-percent funds to support the states' educational reform initiatives. More than 45 state legislatures have instituted wide-ranging educational reforms to improve the nature and character of the states' educational systems. In Arkansas, students who do not pass the new state competency examination are served in a special program to remediate their deficiencies. The 8-percent set-aside funds are used to support Arkansas' priority to assure that their youth successfully complete their high school education. Similar efforts are underway in Florida and Texas. Virginia's set-aside has been used to develop and implement a computer assisted instructional program to remediate basic skill deficiencies.

4. State education agencies have pioneered experimental educational programs which serve as a feeder system for the much larger Title IIA program managed by service delivery agents. Illinois' special program to provide basic and technical skills to public housing residents illustrates this unique feature of the JTPA 8-percent set-aside. Many disadvantaged youth who were served in

this program are now being served with funding from the Mayor's Office of Employment and Training, the Chicago SDA. Arizona has used set-aside funding to remediate basic skill deficiencies for criminal offenders preparing them for work in the state's technical centers. When released these clients are served by local SDAs. In New York 8-percent funds have been combined with vocational education, adult education and state funds to establish more than 30 on-site child care centers at locations where welfare recipients receive literary and occupational training.

These examples are by no means all inclusive. SEAs have identified hundreds of examples where educational policies have been modified to benefit JTPA clients.

An Established Infrastructure

The Congress has contributed to the development of education and training services for the states' youth and adults. The Congress wisely established an infrastructure through Public Law 97-300 which allows for a direct, active relationship between that state education agency, the state human resource development agency and local service providers. That infrastructure allows the SEA to leverage vocational education and adult education funding to benefit JTPA clients.

State education agencies are by their very nature involved in interactions between the local school and JTPA communities, e.g., administrators, teachers, ancillary staff, parents and community members. State representatives have been instrumental in altering instruction, curriculum, assessment, and administration to accommodate the unique needs of JTPA clients.

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STATE OF WASHINGTON

EMPLOYMENT SECURITY DEPARTMENT

October 27, 1989

The Honorable Augustus F. Hawkins
Chairman, Committee on Education
and Labor
U.S. House of Representatives
Washington, D.C. 20515

RE: HR 2039

Dear Representative Hawkins:

As a part of the hearings you are holding in Los Angeles on November 3, 1989, I would like to take this opportunity to submit written comment on HR 2039, your proposed amendments to the Job Training Partnership Act (JTPA).

Targeting of the Hard-to-Serve

I agree that the priority should be to serve those needing basic skills to enhance their employability. The additional requirement that 50 percent of youth be dropouts and 50 percent of adults be deficient in basic skills is in line with current thinking based on the needs of Workforce 2000. Any additional targeting should be an option of the local Private Industry Councils, who can recognize the needs of their local area.

Cost of Assessment

As the labor pool shrinks, those enrolled in JTPA will likely have more barriers to employment and training. Serving those with basic skills deficiencies requires a comprehensive assessment. In many cases, it will require pre- and post-testing. Proper assessment to determine the needs of participants is estimated at $200-$300 per participant in Washington State. The cost will vary as some participants require more assessment than others. Costs identified with assessment should be charged to training as it is an integral part of any training program. Good assessment results in cost savings as it better matches services to particular needs and avoids provision of unneeded services.

Assessment is a critical part of the program, but providing necessary supportive services is also essential for these participants. Increasing the amount which can be spent on supportive services to 20 percent will ease the problem of serving more persons with significant barriers to employment.

The Honorable Augustus F. Hawkins
October 27, 1989

Page Two

Cost Categories

The current law and regulations adequately describe cost categories. There is one area where current requirements place a hardship on administrators. Follow-up and evaluation are an essential part of program planning and design. Since this cost currently is paid from the administrative category, it limits what can be done. Follow-up costs should be allowed under technical assistance. Also, if we have a set-aside for capacity building, then both follow-up and evaluation costs should be allowable in that category.

Set-Asides

The 3% Older Worker Program has been difficult to operate because of the small amount of funds in some areas. It is more reasonable for the comprehensive adult program to provide targeting to those over 55 who are a part of the eligible population.

Performance Standards

Competency achievement in the three skill areas (pre-employment/work maturity, job specific, and basic skills) should be recognized as a performance standard for both youth and adults. The growing need for more highly skilled workers means that basic education skills are a pre-requisite to long-term employability and more valuable than a placement in a low paid job.

The elimination of cost per entered employment and cost per positive termination as a performance standard would support an increase in the quality of training. The JTPA programs have been driven by the performance standards and especially by the "cost per" categories. The Private Industry Councils have seen this as a "bottom line." Because we will be serving people with more and more barriers to employment, the costs of training and remediation will be higher. To focus on the needs of the clients we must emphasize costs appropriate to the more extensive basic skills training to be provided.

Fixed Unit Price Contracting

If fixed unit price contracting were eliminated, it would severely impact JTPA programs. Fewer community-based organizations would be able to operate programs. Many of these organizations have traditionally been the link with our targeted populations. Small agencies especially, have a problem with the 15 percent administration limitation. Increasing administrative costs to 20 percent would be helpful, but without the option of fixed unit price contracts, more programs would be operated by city, county, or state agencies.

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Transition Time

The proposed amendments are wide-ranging and will affect nearly every aspect of the JTPA system. The amendments must include transition time to allow for necessary development of policies, procedures, and systems.

SENATE BILL 543

Allocations

The proposed amendments in the Senate would have the Department of Labor (DOL) directly allocating funds to the Service Delivery Areas (SDAs). I do not object to DOL determining the SDA allocations; however, the funds should flow through the states. A direct grant agreement between DOL and the SDAs would erode the relationship of the states with the SDAs and create unnecessary administrative barriers.

Human Investment Council

I support the establishment of Human Investment Councils at the state level to coordinate and direct various federally-funded programs in education and training.

Innovation and Coordination

I also support a set-aside for innovation and coordination grants which will enhance collaboration at the state and local level.

I appreciate your continued interest in the federally-funded employment and training programs. The fine tuning which JTPA is undergoing at this time will serve to make a good program even better. Thank you for this opportunity to comment.

Sincerely,

Larry A. Malo
Assistant Commissioner

LAM:JT:ds/2920L

The Oregon Private Industry Council, Inc. & The Oregon Consortium

November 3, 1989

The Honorable Augustus F. Hawkins
Chairman, Committee on Education and Labor
U.S. House of Representatives
Washington, D.C. 20515

RE: HR 2039

Dear Congressman Hawkins:

I was very pleased recently to have the opportunity to meet with your staff member Terri Schroeder in Washington, D.C. Members of The Oregon Consortium and I were able to brief Ms. Schroeder on our concerns about pending legislation, specifically as it would impact rural programs.

Ms. Schroeder informed us of your West Coast hearing and suggested we prepare to testify and include the interests and concerns of JTPA Service Delivery Areas in the Pacific Northwest. In anticipation of testifying, we solicited information from other SDAs in our area and received the enclosed four responses.

We understand now that a full agenda precludes our testimony and therefore request that this letter and the attached be made a part of the official hearing record of your November 3rd hearing in Los Angeles.

The Oregon Consortium and The Oregon Private Industry Council, Inc. comprising a 27-county rural Service Delivery Area, have concerns regarding four major areas.

- FIXED UNIT PERFORMANCE BASED CONTRACTING FOR COMPREHENSIVE SERVICES
  It is essential, and for rural areas critical, that we retain the ability to contract using fixed unit performance based contracts and that contracts can be for comprehensive services. To prohibit this would serve to erode the backbone of the rural service delivery system throughout much of our country.

- ADMINISTRATIVE LIMITATIONS
  We strongly encourage all efforts towards increasing administrative dollars to 20%. Again, for rural areas, working with increasing challenges, sufficient administrative dollars to serve our clients adequately in the rural areas are essential.

- SET ASIDES
  We are convinced that program set asides do more to diminish the available revenue rather than the intended purpose -- to target funds to special groups. With appropriate targets established, appropriate groups will be served -- further targeting with set asides is not necessary.

260 SOUTHWEST FERRY, SUITE 102 • ALBANY, OREGON 97321 • 503/928-0241

o FORMULA FOR ALLOCATING FUNDS

We believe that it is premature to change the formula, but that it would be prudent to wait for results of the 1990 census to do so. Further, we fear that the new formula could adversely impact rural areas. However, if and when the allocations *are* changed, it's imperative to have sufficient transition time of at least a year for Service Delivery Areas to adjust.

We are eager to present our information to the full House Education and Labor Committee in Washington and will stay in contact with Ms. Schroeder regarding the committee's schedule.

On behalf of the more than 200 volunteers and 150 staff members operating award winning programs in rural Oregon, thank you for your dedication to our country's job training needs and for this opportunity to share our concerns.

Sincerely,

Tom Throop

Tom Throop, Chairman
The Oregon Consortium Board of Directors
and
Deschutes County Commissioner

Enclosures

cc: Terri Schroeder, Committee on Education and Labor
Beth Buhlman, Aide to Congressman William Goodling
Jon Weintraub, Aide to Congressman Pat Williams
Bruce Hall, President/Chair
Southern Willamette Private Industry Council
Larry Lengyel, Director
Spokane City-County Employment & Training Consortium
Larry A. Malo, Assistant Commissioner
Employment Security Department of Washington State
Michael Kennedy, Director
Pacific Mountain Private Industry Council

Private Industry Council

WRITTEN TESTIMONY

SUBMITTED BY THE SOUTHERN WILLAMETTE PRIVATE INDUSTRY COUNCIL

TO THE HEARING HELD BY

HOUSE COMMITTEE ON EDUCATION AND LABOR

NOVEMBER 3, 1989

The Southern Willamette Private Industry Council is pleased to have the opportunity to submit written comments for your consideration about amending the Job Training Partnership Act (JTPA).

The Southern Willamette Private Industry Council operates the JTPA programs for residents of Lane County, Oregon. We have a population base of 270,000 with a metropolitan area of 165,000. Our geographical area covers 4600 square miles. Therefore, we speak with both a rural and an urban perspective about JTPA operations.

The Southern Willamette Private Industry Council understands the direction of the proposed JTPA amendments. The targeting towards individuals with more barriers, which is envisioned in the many of the proposed amendments, has already occurred at the local level in many instances. The Southern Willamette Private Industry Council, however, is concerned that maximum local flexibility be maintained because program design issues and interventions are unique to each of our separate communities.

Targeting the Hard to Serve

a. Definition of Hard to Serve

It is important to target some, but not all, of the resources and services to the harder to serve client groups. We are concerned that people who are victims of abusive situations (e.g., sexual abuse and child abuse) are not included in the proposed target listing. We need the flexibility to intervene with individuals who need services and do not necessarily meet a target definition.

Furthermore, we recommend that the definition of hard to serve be specified by each service delivery area in the job training plan and approved by the Governor.

We recommend that the JTPA amendments outline possible target groups, but that the list not be an exclusive list which eliminates responsiveness to local community problems and needs.

b. Youth Targeting

We do not support targeting 100% of the youth resources to pre-determined target groups as called for in some of the proposed JTPA amendments. A partial targeting, as is proposed with adults, is more appropriate. Youth programs, in particular, need the ability to have intervention strategies.

Suggesting that a youth must be two years behind in school, a drop out, homeless, pregnant or parenting, or basic skill deficient in order to receive services is too restrictive. We need to have the flexibility to access youth before they are pregnant and on the streets. The foster child who is managing to stay close to her class academically but who needs extensive support services and work related training would be eliminated from the job training program given the proposed restrictive targets.

We must have the ability to local ability to design early intervention as well as crisis response programs for youth.

c. Eligibility Documentation

We are very concerned that the documentation requirements for the program be sensitive to the hard to serve clients we intend to serve. Do we expect a homeless individual to have hard copy of his birth certificate in his duffle bag when living on the streets? Do we expect a pregnant teenager to bring a proof of a positive pregnancy test to her eligibility appointment?

As we strive for accountability, it is critical that we do not systematically screen out or scare away those people who most need our services.

We recommend that target categories be based on self-report and that all eligibility design consider the needs and capabilities of the hard to serve clients.

Separate Youth Title

The Southern Willamette Private Industry Council support the establishment of a separate youth title. The merger of all youth activities into one title makes sense because now we often deal with cumbersome tracking which can be streamlined. However, we need the ability to continue a Summer Youth Employment Program for some youth, even if they are not involved in a comprehensive longer training program. This is particularly important to accessing younger youth and returning them to school in the fall. Some of the proposed JTPA amendments do not appear to allow this flexibility.

Cost of Assessment

We do not support the inclusion of assessment in the services category. Assessment is appropriately a training cost as is the case in the current legislation. With the

proposed amendments focusing on more individual assessment, assessment costs will increase. To suggest that assessment is a services cost will compromise child care support in exchange for career guidance and literacy testing. This is not necessary. This is not appropriate.

Cost Categories

We support the increase in the services category as is being called for in some of the proposed amendments. We are serving harder to serve clients now and will continue and increase given the proposed amendments. These individuals have substantial needs (e.g., child care, food, housing, basic support). Therefore, support services must go up in order to have people in longer term, more comprehensive training programs.

We support an increase in the administrative category as is suggested in some of the proposed amendments. The JTPA programs are very complex to operate and challenge the best administrative systems. However, we do not support the inclusion of recruitment and coordination as administrative costs. These are reasonably a training cost as is allowable under the current legislation. The proposed amendments will require more extensive recruitment efforts and more coordination and collaboration. It is unreasonable to put these activities in a limited cost category at a time when the activity will be increasing.

Perhaps the best solution to the cost category debate would be to move to two cost categories as has been recommended by some. With a management and services/training tracking, the accountability would be maintained but flexibility would be enhanced to better serve the hard to serve people who will need extensive services. 20% management and 80% services and training seems appropriate.

Set asides

In the State of Oregon, the local service delivery areas receive by formula the current 3% set aside funds for older workers and much of the 8% set aside funds for education. We have special requirements on how to plan, track and document the use of these funds. It is an unnecessary extra buresucracy. These set asides should be eliminated and folded into the service delivery area allocations.

Summary

Thank you for this opportunity to submit testimony about the Job Training Partnership Act. Our activities are important to our community and important to the people that need and use our services.

We look forward to a continued strong and vital public/private partnership.

Sincerely,

Bruce A. Hall
President/Chair
Southern Willamette Private Industry Council

SPOKANE CITY-COUNTY
EMPLOYMENT AND TRAINING CONSORTIUM
W 808 SPOKANE FALLS BLVD
SPOKANE, WASHINGTON 99201
(509) 458-2217

October 20, 1989

OCT 23 1989

J. D. Hoye
Executive Director
The Oregon Consortium
260 SW Ferry St Suite 102
Albany Oregon 97321

Dear J. D.:

Thank you for the opportunity to present my written comments on HR2039. Since it is patently clear that S.543 and HR2039 are on different tracks attempting to accomplish the same objective, my comments will be directed at the eventual conference which will be called to reconcile the major differences in the respective bills.

Initially, since it does not appear that there will be a bill reported out this calendar year, I would urge both houses not to accept a plethora of additional amendments from their members. To do so would only confuse our local elected officials and PIC members and possiblly discourage comments from them. The two introduced bills, S.543 and HR2039, represent many months of arduous work by many and to distill their efforts with additional amendments would be counterproductive.

TARGETING AND CLIENT ELIGIBILITY

I strongly concur that services should be targeted to economically disadvantaged individuals in certain target groups or who face certain barriers to employment. However, I would urge that language be adopted that would give local elected officials and PICs the authority to designate other target groups in addition to those listed in the statute, so long as they are identified in the Job Training Plan and approved by the Governor. This would provide states and localities flexibility to target other needy individuals based on the unique demographics and specific needs of their areas. With these changes, requiring just 50% of the economically disadvantaged adult and year-round youth participants to be in certain target groups or face certain barriers to employment would seem more reasonable. On the other hand, requiring 70% of the adults and all youth to be economically disadvantaged and meet additional criteria is too prescriptive and should not be imposed on us.

PROGRAM DESIGN

An assessment and service plan should be required. Costs should be allocated for the assembly of this plan to the service category, if there are only two cost categories - management and services - or to the training category if the current configuration prevails. Administrative costs and services costs should both be increased to 20% to help alleviate the additional costs which will be incurred.

PROGRAM DESIGN, cont.

With respect to the overall program design, I would urge that language be adopted so as not to dictate the type and sequence of services that must be provided to participants. These decisions again must be determined at the local level based upon available resources, labor market demands and the client's needs and desire to enter job training or employment. Local resources and circumstances affecting program design vary significantly between local areas.

COORDINATION & LINKAGES

I strongly oppose mandated linkages that require local JTPA agencies to enter formal agreements with numerous education agencies and establish cooperative agreements with many others. This would significantly increase our administrative costs, and require an inordinate amount of time and resources with little or no assurance that coordination would be improved. The number of agencies and the quality of services provided by them varies greatly from one area to the next. In most local areas it would not be appropriate or feasible to establish formal, written agreements with all educational and other related agencies listed.

DISTRIBUTION FORMULA

I oppose any changes in the distribution formula until there is an accurate data base in place that reflects the current number of eligible clients residing in each area. The current data base is 10 years old and until we receive current data we can never be sure that funds would go to areas with higher concentrations of economically disadvantaged. Such formula should exhibit that some correlation exists beteween high unemployment rates and economically disadvantaged and thus not penalize the rural areas, or for that matter, certain urban areas. A close look at the formula as proposed in S.543 reveals that of the 23 states with the highest unemployment rates, only 4 receive an increase in funding. The State of Washington would lose almost 10% of its funds.

SET-ASIDES

The only set-asides I would like to see established would be for incentive grants, administration and capacity building. The greater the proportion of funds automatically passed through to the local area the better we'll be able to target them to those most in need of them. The current set-aside percentages are not working.

SEPARATE YOUTH TITLE

I support a separate youth title for all youth activities. However, local flexibility to operate a summer youth program must be retained and eligibility must remain open to all economically disadvantaged youth. Many of us are already focusing efforts toward economically disadvantaged 14-15

year olds. It is becoming more apparent that this younger in-school population is that which we should be most concerned about. A summer work experience is sometimes the last chance to make a difference in keeping these young people in school. While many of them are behind in the development of basic skills, have poor attendance records, or display disruptive classroom behavior, I am not sure it is prudent to exclude poor youth from summer programs who may be struggling with decisions about their future in school. Work experience together with other services during the summer could be the difference in reaching these youngsters before they become dropouts.

PERFORMANCE STANDARDS

I applaud the principle that the more disadvantaged population successfully served the greater the incentive award should be to SDAs. However, I do not believe it is sufficient to improve basic skills and leave an individual unemployed. It is not the mission of JTPA to produce a more literate welfare or disadvantaged population. One of the founding principles of JTPA was the accountability of the program for results - getting disadvantaged individuals jobs. We have been highly successful at accomplishing this - maybe even to our detriment if we pay heed to the "creaming" charges. Employment and the skills to remain economically self-sufficient have always been the desired result of participants completing our programs. Therefore, programs which increase basic skills and get people jobs must be rewarded. Increasing service to those needing extensive services will cost more and our initial placement rates may decline. These realities must be recognized in the formulation of performance standards.

PIC COMPOSITION

I oppose mandatory changes in the composition of the PIC. Local areas already have the flexibility to appoint representatives to the PIC from various groups based upon their perceived needs. In fact many PICs, such as ours, already exceed the 15% mandate by S.543 relating to organized labor and CBO participation. This is an unnecessary change.

DEMONSTRATION GRANTS

I oppose establishing any additional demonstration grants that would provide direct services to clients. However, I would support additional funds from the Secretary's discretionary budget for research and development projects designed to promote and enhance the management and implementation of JTPA programs at the local level.

SJTCC REDESIGNATION

I would support the establishment of a Human Resource Investment Council in order to forge better coordination between JTPA and related resource programs such as the Adult Education Act, the Carl Perkins Voc-Ed Act, Wagner-Peyser, Vocational Rehabilitation and JOBS. However, the newly-established council should retain the composition of the current state job training coordinating council and the existing SJTCC should be given responsibility for all these programs, provided that the administrative cost of the council is proportionately shared among the various programs.

J. D. Hoye
Page 4
October 20, 1989

I think I have touched upon the major proposed amendatory actions which would affect JTPA. Given the much needed local flexibility and control afforded us through the current law, we can achieve the necessary targeting each bill has as its objective. Prescriptive and intrusive language would only make our mission very difficult, if not impossible, to achieve. JTPA has been unequivocally the most successful employment and training legislation enacted. Let us be sure that the changes being proposed only enhance our ability to help those needing our services. To do otherwise would be a disservice and would deal a crushing blow to those who need us the most.

Again, J.D., thank you for allowing me to comment and the best of luck in your testimony in L.A.

Sincerely,

Larry

Larry Langyel
Director

PACIFIC MOUNTAIN
PRIVATE
INDUSTRY
COUNCIL

2617-A 12th Court, S.W.
Olympia, WA 98502
206/754-1424

Serving
Thurston, Mason,
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and Pacific Counties

OCT 17 1989

October 16, 1989

J. D. Hoye, Executive Director
The Oregon Consortium
260 S.W. Ferry Street, Suite 102
Albany, Oregon 97321

Dear Ms. ~~Hoye~~: J.D.,

I am enclosing a copy of a letter which I prepared on behalf of our Private Industry Council. This letter was sent to all key Employment and Training Congress members and our Washington State delegation.

I believe that we responded to each area identified in your letter. I have taken the liberty of highlighting those issues in our letter.

I hope this assists you in preparing your testimony. If you require additional information, please call me at (206) 754-4112.

Sincerely,

Mike

MICHAEL H. KENNEDY
Director

MHK:at

Enclosure (1)

PACIFIC MOUNTAIN
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Serving
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and Pacific Counties

September 9, 1989

The Honorable Leon Paneta
United States Representative
C/O Congressional Office Building
Washington, DC 20515

Dear Representative Paneta:

The Pacific Mountain Private Industry Council, a Private non-profit Corporation, which administers PL 97-300 (JTPA) programs for a five county Service Delivery Area (SDA) in Southwest Washington, wishes to advise you of concerns resulting from recent proposed amendments on this program.

The nature of our business is changing. An improved economy and demographic changes in America's workforce have combined to improve employment opportunities for those persons with adequate basic skills and workplace literacy. The result is we are entering an era where we must help the truly economically disadvantaged and basic skills deficient individuals of our region. To this end, additional changes in legislation appear necessary if we are to accomplish our mission. Our concerns and recommendations follow:

FUNDING: No maximum limit should be set on the authorization of funds. There is a critical need for additional funds to pay the high costs associated with training those most in need. Inasmuch as current resources allow us to serve approximately 5% of the eligible population, additional resources would also expand our ability to assist more of those clients most in need.

LINKAGES: To get the maximum use from available job training funds, technical amendments should be made in Employment Service under Wagner-Peyser and the Carl Perkins Vocational Education Act to better share resources and to insure integration and maximum coordination at the local level with JTPA programs. This would minimize duplication of services and maximize resources.

Linkages between JTPA and local education agencies, which may include written agreements, enhance resource sharing and information exchange, and improve understanding between the two programs.

USE OF FUNDS: Local flexibility must be maintained in designing and implementing job training programs at the local level. Overly prescriptive program designs as proposed in HR 2803 are not practical. Local flexibility should also be maintained in allowing for the transfer of funds, if necessary, between adult and youth programs.

Local discretion should be maintained when determining the range of time necessary for an On The Job Training. This discretion is necessary to ensure that the special needs of a participant are considered.

COST LIMITATIONS: Increasing the administrative expenditure limit from 15 to 20 percent, in specific circumstances, will assist the SDA'S in dealing with rising administrative costs. The amount of the administrative dollars available in any program year should be based upon the SDA's allocation and not on its expenditure level. If an imbalance exists in training vs. administrative expenditures, perhaps a compliance issue should be identified?

Any requirement that client assessment activities be charged to the supportive services category should be resisted. Current regulations, which permit assessment activities to be charged to training must be maintained in order to insure outreach and coordination of all resources avalilable to the participant.

The use of JTPA funds for employment generating activities must be continued in as much as it is an effective tool for stimulating economic development activities and job creation in many depressed areas.

YOUTH TITLE: A separate youth title which retains the current summer youth program should be established to address the employment and training needs of youth in a more comprehensive manner. Eligibility under this title should be open to all economically disadvantaged youths regardless of school status. Priority should be given to youth with basic skills deficiencies, school dropouts, teen parents, and others with barriers to employment. Local flexibility should be retained in determining services for at-risk youth because their needs must be addressed through a variety of programs.

DISTRIBUTION FORMULA: The concern that funds should be distributed to state and local areas on the basis of their share of eligible (economically disadvantaged) residents is legitimate. However, Congress must recognize that the current base for economically disadvantaged people is based on 10-year old information and does not reflect the current number of residents in state and localities. Before any changes are adopted in the distribution formula, a more accurate data base that reflects current population demographics must be in place.

As an alternative, we recommend changes in the allocation process that would require the U.S. Department of Labor to determine the allocations due each local service delivery area under the existing formula. This would better ensure the equitable distribution of funds among local areas until the results of the 1990 census are available.

To increase the percentage of funds available to local service delivery areas, set-aside funds should be eliminated. SDA's must be provided more funds to pay the higher costs associated with training those with greater needs.

HUMAN RESOURCE INVESTMENT COUNCIL: To forge better coordination between JTPA and related human resource programs, the state councils for Vocational Education, Employment Security, Adult and Basic Education and Vocational Rehabilitation should be replaced with a single state council. Representation on this council by private sector employers should be in accordance with the composition of the current State Job Training Coordinating Council.

The existing JTPA State Job Training Coordinating Council should be given responsibility for all of these programs, provided that the administrative cost of the council is proportionately shared among the various programs.

PERFORMANCE STANDARDS: In order to achieve the objective of permanent long-term employment for hard-to-serve individuals, adjustments in performance standards which recognize barriers to employment (e.g., illiteracy, transportation, child care, medical care, etc...).

CLIENT ELIGIBILITY: Eligibility for participation in adult and youth programs should remain open to all economically disadvantaged individuals. Recommend automatic eligibility for AFDC and other transfer payment clients.

Local service delivery areas should be encouraged to emphasize services to establish PIC/LEO target groups identified in the local job training plan and approved by the state. This information could be reported to Congress.

PRIVATE INDUSTRY COUNCIL: Composition of the private industry councils should remain as it is presently.

CHALLENGE GRANT: The establishment of any additional demonstration programs, which would provide direct services to clients is not recommended.

Additional funds for research and development projects designed to promote and enhance the management and implementation of JTPA programs at the local level are needed.

PERFORMANCE-BASED CONTRACTS: Performance-based contracting should be maintained except for on-the-job training where a third party contractor is involved. For on-the-job training, a cost reimbursement procedure should be followed because circumstances

and participant needs vary greatly from one area to the next. Local discretion must be maintained in determining the length of OJT contracts.

Excess revenues, generated from the use of JTPA funds through performance based contracts by governmental units or private non-profit organizations, must be classified as program income and treated in accordance with appropriate JTPA regulations on program income. The contractors must identify excess revenues and report how those revenues are utilized.

Performance-based contracts under JTPA for private-for-profit agencies must be administered in accordance with a federal or state approved procurement system.

UNIFORM DEFINITIONS: Uniform definitions for all legislation related to federally supported job training and employment programs including JTPA, JOBS, Vocational Education, Vocational Rehabilitation, Adult and Basic Education, and Employment Security are needed.

The above recommendations were adopted unanimously by the Executive Committee of Pacific Mountain Private Industry Council on August 16, 1989.

JTPA is one of the most successful job training program in the history of federal training programs. The reasons for this are clear. The program was designed to provide the maximum flexibility at the local level where assistance is provided. Local providers must be able to develop innovative approaches in the press to help the hard-to-serve client or those with significant barriers to employment. The legislative process in 1989 gives us the opportunity to upgrade the program in those areas where changes are needed.

Your assistance is vital in securing changes to JTPA that will make it effective for the future. The Pacific Mountain Private Industry Council thanks you for this opportunity. Best wishes to you for a successful congressional session this fall.

Respectfully,

Gerald H. Ferencz

Gerald H. Ferencz
Chairman

STATEMENT

by

Charles D. Hoffman

NATIONAL CAREER CENTER, INC.
4885 Mercury Street
Suite E-1
San Diego, CA 92111
Phone: (619) 278-7357

JOB SEARCH ASSISTANCE

If a participant involved in JTPA completes a skill training program and does not get a job, the government stands to loose all the dollars invested.

If a participant in JTPA completes a skill training program, and is immediately placed into a full time job by a Job Counsellor or Job Developer, the result is an even greater cost to the government, because the cost of the Job Counsellor/Developer must also be paid. Further, within two years, the participant, having learned nothing about job search the first time around, will return to the Job Developer for further assistance. Thereby, the dependency/revolving door syndrome is created, and that is an additional cost to the government.

Why this antiquated and outdated paternalistic attitude on the part of those delivering services to the job applicant is still maintained in 1989 is totally beyond me. If the government is going to get involved in training by investing hundreds of millions of dollars, sheer intelligent, economic accounting demands that job search assistance be taught to each and every individual who completes training. To do anything less is not only imprudent, it puts the dollars already invested at risk, and usually incurs an even greater investment of more dollars. Not a particularly logical situation.

Further, apart from the simple economic factor, I firmly believe there is an absolute moral responsibility on the part of government to teach Job Search Assistance to each and every participant, as it is literally imperative to the success of each job applicant.

WHY MAINTAIN THE PRESENT JOB DEVELOPMENT SYSTEM?

I believe there are several reasons. None of which make any sense.

1. First. Simple lack of motivation to do anything different. We have always had Job Developers, and somehow they must be adequate for the task, because each year they get refunded. Oh, true, they may not have placed nearly all the participants who completed their skill training, but so what? No one is perfect. Balderdash!

2. Second. Greed is a harsh word, where human nature might also be applicable. The fact is, that whether it be an SDA (doing in-house training) or the contract Director (funded by an SDA), there is an almost natural or human tendency to build one's staff even larger. To get a contract that is always bigger. It's almost American. More and bigger must be better. There are now literally thousands of Job Developers on payroll around the country. To suggest that some of them be let go, or be reassigned to other tasks runs against the grain of one's building one's pyramid into a larger organization. It implies that a contractor might be able to still do a successful job, (with one or two less Job Developers), at a lowered budget, and that not only runs against the normal grain, it is quite simply a threat.

3. Third. People are always hesitant to try what appears to be new or unknown. Better to stay with what they already have in place. The nuts and bolts of job search assistance, taught directly to the unemployed appears too radical and therefore, too risky. Besides, we all know that the unemployed are incapable of learning, or are unmotivated to learn, or simply don't want to work, or possibly that the intricacies and mysteries of job development are so very difficult, surely the unemployed cannot be expected to master this incredible art.

Balderdash, and more balderdash. The unemployed, to an incredible degree, are you and I, but for the grace of God. They obviously can learn, or they'd not have completed their skill training. They obviously are motivated, or they'd not have hung-in through months of training, without taking home a paycheck. And they most obviously can learn self job development, or my past seventeen years of success in this specific field is a total lie.

In 1973, I created a program called Self Directed Placement, and over the years contracted upwards of 30,000 CETA and JTPA participants to be taught this exciting new concept. This was done in 27 cities across the country, from Seattle to San Diego, from Chicago to San Antonio, and

from Boston to Richmond, Virginia. Year after year, we established an unequalled record of self directed job placement into full time jobs of the participants choosing in the private business sector. This record can be substantiated by the various SDA's with whom we did business. Yearly, 85% of all participants found their own job, unassisted, within a four week time period. We received recognition in various newspapers and magazines, the Congressional Record, as well as a one-hour television special entitled "How To Get a Job" aired nationally on Bill Moyer's Journal on PBS (WNET-New York, see attachments).

There are now some job search assistance programs that have sprung up around the country. Some of them are reasonably good. Though sadly, most of them have been put together with a band-aid and a hope, and their results are far less than satisfactory. But even with this modest growth of Job Search Assistance, the large marjority of SDA's or contractors around the country still cling to the old entrenched job development system. This, in the face of all logic, common sense, and intelligent cost accounting.

Just for one brief moment, let's suppose that I am correct. That my background and track record is credible and proven in the job search training area. Let us further suppose that a minor reduction of job developers across the country could be accomplished, merely by having facilities that now employ two or more job developers, be reduced to one, who would then become a Job Search Assistance Instructor. Let us further suppose the savings from such a reduction would be approximately $25,000 per year (salary, fringe benefits, desk, phone, etc.).

I suggest to you the savings per year would be in the tens of millions of dollars. For example, if we were only to eliminate <u>one</u> job developer per SDA, multiplied by 405 SDA's around the country, the yearly savings are in the area of $10,125,000.00.

As if the foregoing were not sufficient, allow me to add still another reason for insisting upon a sound proven job search assistance program for all JTPA participants who complete their skill training.

John and Mary are unemployed. They can't seem to quite get it together, and don't quite understand why. In steps the government with printed invitations and radio and TV announcements, "Take our skill training program and you will be able to get a good job!"

John and Mary listen, and buy into the concept. To them, it is almost fantasy. They begin the JTPA training. They also get their hopes up. Maybe, just maybe, this program will pay off with a job.

Upon completion of training, they are assigned to a specific Job Developer, who also have the responsibility for as many as 10 to 30 other Johns and Marys who also completed their training at the same time. Logic and human capacity will allow the Job Developer to only work on one applicant at a time. Whether it is for a one-half hour period, or several hours at a time, only one applicant can be served at any given time. That means that if you happen to be one of those Johns or Marys, you can only get 1/10 of the Job Developer's time. Possibly only 1/30th of the Job Developer's time. Meantime, you wait, and wait. Or you go out into the marketplace and fumble and stumble at acquiring a job, because you have not been taught the simple basics of self directed job search.

The longer you wait, the greater the frustration, and after a few months, that fantasy of a good job within your skill training begins to fade, until it may well become a cruel joke.

Every sales program tells us that the most difficult sale to make is to try to resell an account, after it has been lost. Once the damage is done, the client becomes leery of additional sale attempts. And that is where the government is with a JTPA trained applicant who has not found a job after training. Trying to re-motivate the individual at that point becomes a most difficult, if not impossible, task.

While the Job Developer can only spend a tenth of his or her time on any one individual, thereby creating a placement percentage that is accumulated only after months of effort, the actual job applicant with proper training, can and will spend 100% of their time on their own job search. And it is a proven fact that a minimum 85% will be self placed within a four week time period.

For verification of the foregoing, please contact:

Ms. Patricia Coleman
Director
Sacramento Employment and Training Agency
1510 "J" Street
Sacramento, CA 95814
(916) 449-1390

Mr. Marcello Lopez
Director
Employment and Economic Development Dept.
850 N. Hunter Street
Suite 105
Stockton, CA 95209
(209) 468-3500

Former officials of the U.S. Department of Labor:

Mr. Richard Guay
Vice President of Government Relations
Jacobs Engineering
123 National Press Building
Washington, D.C. 20045
(202) 783-1560

Mr. Frank Lapensee
Chief, Clean Lakes Section
U.S. Environmental Protection Agency
Office of Water
401 "M" Street, S.W.
Washington, D.C. 20460
(202) 382-7105

NEW COST EFFECTIVE APPROACH

In the past, my corporation executed straight performance contracts in 27 cities around the country, at a cost of $700. per participant, self placed into full time employment in the private business sector. I have now repackaged that same proven job search assistance concept into The Action Job Kit, which is now available to the government at $60.00 per participant.

Once again, as I expressed years ago with Self Directed Placement Corporation, this new approach is seen as risky and unproven by SDA's and contractors. Their hesistancy becomes stagnation, while each contractor waits for someone else to prove The Action Job Kit first.

Accordingly, I have submitted a proposal for a Pilot Demonstration Project with the office of Deputy Assistant Secretary, Employment and Training Administration, U.S. Department of Labor, Ms. Carolyn Golding.

There are roughly one million JTPA participants who will go through some form of skill training this fiscal year. I have proposed we test 5,000 of them, with the Action Job Kit, in various sized cities and various geographic locations around the country. Within six months the Pilot Demonstration Project could be completed, and proven track record be made available to the various other SDA's and contractors, so that an increased placement percent, with appreciable savings, could be realized next fiscal year.

I would hope the amount of the National Career Center Proposal, $350,000, over a six month period, along with already established track recoreds, would warrant your attention as well as your direct support to the Employment and Training Administration to fund this Pilot Demonstration Project.

Date: November 3, 1989

Place: California Museum of Science and Industry
Los Angeles, CA

Respectfully submitted,

Charles D. Hoffman
President, National Career Center, Inc.

21-276 O - 90 - 20

PROPOSAL
to
EMPLOYMENT AND TRAINING ADMINISTRATION
U.S. DEPARTMENT OF LABOR

Each year, in each city across the country, millions of dollars are spent in JTPA training programs. Participants who need assistance to become more marketable in the world of work, begin various training programs from welding to truck driving, from cooking to computor programming. Those individuals who have the persistance to complete these programs, usually begin their search for a job with heightened expectations. The longer they are unsuccessful and unemployed, the greater the frustration, and sadly far too many of them fail. This is after the investment of a tremendous amount of money and time to make them more skilled and marketable. To put it bluntly, the government is investing hundreds of millions of dollars in training specific skills, and almost nothing in teaching the individual participants how to market those skills.

Self Directed Placement came on the scene approximately sixteen years ago, and had an immediate impact upon job search placements on a nationwide basis, consistently producing 85% successful self placement in full time jobs in the private business sector within four (4) weeks.

Twenty-seven SDP offices were opened and successfully operated from coast to coast, all under government performance contracts. Over 30,000 individuals were trained to locate their own job, and to do this within four weeks. SDP Corp. charged the government (only upon placement) an average of $700 per individual self placed and verified as being full time employed.

Now, this exact same proven program designed by Charles D. Hoffman, has been re-packaged into The Action Job Kit. Each self teaching Job Kit contains:

1. An Illustrated Manual showing a step by step procedure on how to locate unadvertised jobs, how to interview, what questions to expect and what answers will be most effective, how to negotiate salary, and much more. This Manual is interrelated with,

2. Two (2) one-hour Video Tapes, filmed in front of a seminar of actual job seekers. Participants were chosen on the basis of age, education, experience, sex, and ethnicity. This makes it easier for different viewers and users of The Job Kit to better relate to the program.

3. Also included are two (2) Audio Tapes, designed to be used primarily as reminders of the total program, and to be used in their car, on the way to a job interview.

4. An Instruction Booklet, designed to hand walk the user through the proper steps of when to view a specific segment of a Video Tape, and when to complete written exercise in the Manual.

Since most training sites of JTPA programs now have a Job Counsellor or Job Developer within their various training programs, we believe they would be most comfortable with, and prefer an Instructor Job Kit. We therefore have produced an Instructor Job Kit that can be integrated most easily with whatever type of job search program is already in place, rather than totally replacing it. The Instructor Job Kit confines itself to the most important points of the student Job Kit, making sure each participant knows exactly how to use the kit on their own time.

National Career Center, Inc. proposes a Pilot Demonstration Contract with the U.S. Department of Labor whereby the Labor Department would fund a series of programs in various sized cities around the country. The Labor Department would choose the locations and NCC would ship the Job Kits directly to that training site, as well as send the developer of the program, Charles D. Hoffman, to the site for a brief introduction and assistance, to insure the proper implementation of the Action Job Kit.

We propose the following cities, though as stated above, would be happy to cooperate with any locations the Laobr Department might choose. The following cities were chosen for various size and geographic locations.

1. San Diego, CA
2. Dallas, TX
3. Philadelphia, PA
4. Indianapolis, IN
5. Lancaster, PA
6. Riverside City, CA
7. Seattle, WA
8. New York City, NY
9. Aurora, CO
10. Lakeland, FL

NCC proposes the Labor Department select the cities to be included in the Pilot Program, and inform the particular Private Industry Council/Service Delivery Agency involved. We would suggest the SDA would then select the specific contractor of services to implement the Action Job Kit.

NCC further proposes that Charles D. Hoffman personally go to each site to insure the proper implementation of the program, as well as coordinate a plan of statistical follow-up to monitor the program's effectiveness.

Under JTPA legislation, there are now almost one million individuals for this fiscal year in some form of skill training across the country, through various service delivery agencies.

NCC proposes a Pilot Demonstration Program of 5,000 units to get an accurate response from various sized cities, in difference locations throughout the country. Implementation would be immediate, as the Job Kits would only need to be shipped to the selected sites, and a coordinated plan (for which NCC would accept responsibility) be agreed upon for Hoffman's attendance at each site to introduce the program and asssit in its proper delivery. Total time from delivery of the Pilot Demonstration Contract to follow-up would be within six months. We would also propose an additional follow-up of all participants, one year later. The Job Kit is re-useable and a follow-up would prove that reuse when necessary, as opposed to the continuing revolving door policy of serving the same constituency over and over again.

Accordingly, the following is proposed:

5,000 Action Job Kits @ $60.00	$ 300,000.00
10 Instructor Kits	No charge
On-site assistance with implementation of program by Hoffman (includes travel and expenses)	$ 25,000.00
One year follow-up	$ 25,000.00
TOTAL	$ 350,000.00

This proposal is respectfully submitted to the U.S. Department of Labor, Employment and Training Administration, Washington, D.C., by National Career Center, Inc., of San Diego, California on October 23, 1989.

Charles D. Hoffman
President, NCC

HEARING ON H.R. 2039, JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

FRIDAY, JANUARY 12, 1990

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Chicago, IL.

The committee met, pursuant to call, at 9:00 a.m. in the Ceremonial Courtroom, room 2525, Dirksen Federal Building, Chicago, Illinois, Hon. Augustus F. Hawkins [Chairman] presiding.

Members present. Representatives Hawkins and Hayes.

Also present: Representative Gus Savage and Senator Paul Simon.

Staff present. Carole Stringer, legislative analyst; Terri Schroeder, legislative analyst; and Beth Buehlmann, minority education coordinator.

Chairman HAWKINS. The Committee on Education and Labor is called to order. The hearing today in the City of Chicago is on H.R. 2039, the Job Training Partnership Act Amendments of 1989. The procedure will be to call on the witnesses as they are listed.

May the Chair remind the witnesses that we do have a rather long agenda, and as I understand from the invitations, that the witnesses would confine themselves to five minutes, and leave some time for questions from the members.

The prepared statements will be entered in the record in their entirety, just the same as if they had been actually presented to the committee verbally.

Any of the individuals in the audience who care to file statements will be allowed to do so, and we will keep the record open, and those statements will go into the official record as well.

At the end of the prepared agenda, time permitting, we will allow some who are not scheduled witnesses to present their views, assuming that the earlier witnesses have not consumed all of the time.

At this time, the chair would like to introduce the members who are present. It is my intention to turn the hearing over to our distinguished colleague from Chicago, Congressman Hayes, after these preliminary things have been cleared up.

This hearing would not have happened, had it not been for the persistent and consistent efforts of our distinguished colleague, Mr. Hayes. His interest in this subject has been certainly one of the pleasant responsibilities of the committee, in terms of jobs, child care, and many of the other issues before the committee. The dropout problem has been highlighted, I think, on the committee, by

the efforts of Congressman Hayes, and it is a pleasure to be in Chicago today at his request and insistence.

Let me, first of all, introduce to my left Congressman Gus Savage. He is not a member of the committee, but one of our distinguished colleagues from the City of Chicago. It is a pleasure to have him with the committee today. Mr. Savage, we are pleased to have you.

Later, other members will be joining the hearing. It is my understanding that Senator Paul Simon, a very dear friend and a former member of the committee, actually, will be with us.

Also, by unanimous consent, I would like to have a statement by another member of the committee, Mr. Matthew Martinez, of California, who has asked that his statement be entered in the record. That will be done by unanimous consent.

At this time, in order to preserve time, the chair would like to also have his statement entered in the record, and I will forgo reading that statement.

[The prepared statements of Hon. Matthew G. Martinez and Hon. Augustus F. Hawkins follow:]

COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

STATEMENT BY

THE HONORABLE MATTHEW G. MARTINEZ

MEMBER OF CONGRESS

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR

HEARING ON H.R. 2039

JOB TRAINING PARTNERSHIP ACT

AMENDMENTS OF 1989

JANUARY 12, 1990

9:00 A.M.

DIRKSEN FEDERAL BUILDING

219 SOUTH DEARBORN

CHICAGO, ILLINOIS

Mr. Chairman:

Life in inner-city Chicago offers few choices and little hope to many of its people. Schools fail to teach kids the basic skills they will need. Without basic skills, the options of grown-up kids narrow. The aberrations of drugs, crime and violence become realistic alternatives.

Mr. Chairman, you have provided an alternative to the committee by holding this hearing here in Chicago. Indeed, the witnesses that you have assembled before us today will provide more insight into training needs than any Washington, D.C. bureaucrat could ever hope. I look forward to their testimony and thank you Mr. Chairman for inviting them here today.

To date, we have learned from field hearings that the challenges faced by our young people demand quality over quantity when it comes to job training programs. In fact, we have learned that some service providers would rather train a high number of those already possessing basic skills than a fewer number of those without basic skills. Consequently, those who need job training the most are receiving it the least.

To answer this challenge, Mr. Chairman, I joined you as an original cosponsor of H.R. 2039, legislation that targets the least job ready for job training while creating a new year-round job training program for at-risk youth.

As a result of these hearings, my staunch support of H.R. 2039's goals has been reaffirmed. Toward that end, I have proposed additional improvements to the Job Training Partnership Act (JTPA) by introducing H.R. 3266 -- The Workforce 2000 JTPA Amendments of 1989. H.R. 3266 would further improve access to those who need job skills the most by:

*requiring half of all participants to have multiple barriers to employment;

*tightening fiscal controls and program accountability to ensure prudent use of scarce dollars;

*preserving the allocation for the Older Workers program;

*providing child care to JTPA participants;

*training Older Workers and others to provide child care to fellow JTPA participants;

*increasing the cap on nonresidential participants in Job Corps to boost the enrollment of women;

*offering seed money to innovative programs which offer job training to juvenile offenders; and

*improving coordination between JTPA title II Youth programs and the Job Corps.

Mr. Chairman, I began this statement by saying that there are few choices and little hope in inner-city areas like Chicago. But the people who live on these streets want the same things that other Americans want. They want to find meaningful jobs, they want to pay their taxes and they want to be good members of our community. By improving access to job training through H.R. 2039 and H.R. 3266, these people will have a better chance at a better life. Our society can only benefit by such a result.

Thank you.

MAJORITY MEMBERS:
MATTHEW G. MARTINEZ, CALIFORNIA, CHAIRMAN
PAT WILLIAMS, MONTANA
JAIME B. FUSTER, PUERTO RICO
WILLIAM HUGHES, MARYLAND
AUGUSTUS F. HAWKINS, CALIFORNIA, EX OFFICIO

(202) 226-7024

MINORITY MEMBERS:
STEVE GUNDERSON, WISCONSIN
PAUL B. HENRY, MICHIGAN
PETER SMITH, VERMONT

COMMITTEE ON EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES
402 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

SUMMARY

of H.R. 3266
The Workforce 2000 Job Training Partnership Act
Amendments of 1989

Fiscal Controls and Accountability

* Administrative Expenses: Increases the cost limitation from 15 percent to 20 percent.

* Procurement Procedures: Requires service providers to design their own flexible procedures so long as they comply with federal law.

* Closes Loopholes: Requires service providers to categorize spending as "training", "administration", and "support services".

* Program Income: Requires that program income be retained by the service delivery area and expended for the activity which originally generated such income.

Service to Older Workers

* State Allocation: Maintains FY 1989 current service level.

* Representation on State Job Training Coordinating Council.

* Coordination with Title V of the Older Americans Act programs.

Child Care for JTPA Participants

* Delivery of Services: Requires states to use one percent of their allocation to provide child care to JTPA participants at a minimal cost.

* Child Care Training: Make child care training available to Older Workers and encourage them to perform on-the-job training through caring for the children of JTPA participants.

Job Corps Participation

* Increase Non-Resident Enrollment Limit: Allows Job Corps Centers to increase the number non-resident enrollees from 10 percent to 20 percent.

* Increase Participation by Women: Require that any increase in non-residential enrollees be filled by women and that child care is provided to all Job Corps participants.

Juvenile Offender Demonstration Programs

* $2.0 million for 10 innovative Juvenile Offender programs.

* Alcohol and Drug Counseling

* Close Supervision and Counseling: From entry into program until six months after termination.

* Referrals: From schools, youth commissions, the courts (preadjudication) and after care programs (post adjudication).

Linkage of Title II Youth and Job Corps Programs

Performance standards would be used to encourage cross-utilization and coordination of the Title II Youth and Job Corps programs.

Administration of Native American Programs

* Greater Authority for DOL's Division of Indian and Native American Programs.

* Field Experience: Requires Division of Indian and Native American Programs (DINAP) professional staff to have field experience in operating a JTPA Native American Job Training Program.

* Native American Preference: Provides personnel preference to Native Americans desiring employment with DINAP and provides a one time preference to non-Native American DINAP staff to seek other postions within DOL.

* Native American Human Investment Council (NAHIC): Creates 17 member Advisory Committee to advise the Secretary of Labor.

Labor Market Information

Requires the Secretary of Labor to identify national labor shortages and provide such information to human resource policy makers, including JTPA officials.

* Authorization: $2.5 million in the first fiscal year and $500,000 for each succeeding year.

Migrant Farmworkers

* Gives Association of Farmworker Opportunity Programs status as a "Community Based Organization".

Eligibility by Multiple Barriers to Employment

Requires that at least 50 percent of the JTPA participants in a service delivery area have two or more barriers to employment, including: low reading and math skills; public assistance dependency and unsuccessful work history.

Termination Credit for Job Placement

If a participant does not find employment until three months after leaving the JTPA program, the job training service provider will not receive a "positive termination" except when the participant finds employment related to the training provided by the job training service provider.

Participation Definition

* Increases Specificity.

I

101st CONGRESS
1st Session

H. R. 3266

To amend the Job Training Partnership Act to enhance access to services for those individuals with the greatest need for skills training assistance so that such individuals may contribute to the mainstream workforce.

IN THE HOUSE OF REPRESENTATIVES

September 13, 1989

Mr. Martinez introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To amend the Job Training Partnership Act to enhance access to services for those individuals with the greatest need for skills training assistance so that such individuals may contribute to the mainstream workforce.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE; REFERENCES.**
4 (a) Short Title.—This Act may be cited as the
5 "Workforce 2000 Job Training Partnership Act Amend-
6 ments of 1989".

620

1 (b) REFERENCES.—References in this Act to "the Act"
2 are references to the Job Training Partnership Act (29
3 U.S.C. 1501 et seq.).

4 SEC. 2. DEFINITIONS.

5 Section 4 of the Act is amended—
6 (1) by inserting "the Association of Farmworker
7 Opportunity Programs," after "Jobs for Youth," in
8 paragraph (5); and
9 (2) by adding at the end thereof the following:
10 "(29) The term 'participant' means an individual who
11 has been determined to be eligible for participation in pro-
12 grams authorized and funded under this Act and who is en-
13 rolled in and is receiving services from such programs. The
14 date of entry to the program shall be the first date, following
15 intake, on which the participant started receiving subsidized
16 employment, training, or services funded under this Act.".

17 SEC. 3. TERMINATION CREDIT FOR JOB PLACEMENT.

18 Section 106(b)(2) of the Act is amended by adding at the
19 end thereof the following new sentence: "For those partici-
20 pants which do not acquire employment until 3 months after
21 their termination from the program, the service provider shall
22 not receive credit for a positive termination unless such em-
23 ployment is related to the training provided or is the result of
24 direct placement assistance made available by the service
25 provider.

1 SEC. 4. LINKAGE OF TITLE II YOUTH AND JOB CORPS
2 PROGRAMS.
3 (a) PERFORMANCE STANDARDS.—Section 106 of such
4 Act is amended—
5 (1) by adding at the end of subsection (d)(3) the
6 following new sentence: "In prescribing such variations
7 in performance standards for youth, the Secretary shall
8 prescribe variations that provide incentives for pro-
9 grams that refer youth from title II programs to the
10 Job Corps programs, and vice versa, or that coordinate
11 title II programs with Job Corps programs."; and
12 (2) by inserting at the end of subsection (e)(1) the
13 following new sentence: "In prescribing such variations
14 in performance standards for youth, the Governor shall
15 prescribe variations that provide incentives for pro-
16 grams that refer youth from title II programs to the
17 Job Corps programs, and vice versa, or that coordinate
18 title II programs with Job Corps programs.".
19 (b) ADDITIONAL SERVICE REQUIREMENTS.—Section
20 203 of such Act is amended by inserting at the end of subsec-
21 tion (b)(4) the following new sentence: "In providing services
22 to youth under this title, the State Job Training Coordinating
23 Council and the service delivery area shall make reasonable
24 efforts to coordinate the delivery of such services with the
25 delivery of services pursuant to part B of this Act.".

1 SEC. 5. EXCESS COSTS/PROGRAM INCOME.

2 Section 108 of the Act is amended by adding at the end
3 thereof the following new subsection:

4 "(f) REVENUE IN EXCESS OF COSTS.—For all govern-
5 mental and nonprofit recipients, all revenue in excess of costs
6 (as such term is defined by the Office of Management and
7 Budget Circular Number A-87 as in effect on September 1,
8 1989) shall be—

9 "(1) treated as program income;

10 "(2) retained by the service delivery area; and

11 "(3) expended on the function or activity which
12 originally produced revenue in excess of cost so long as
13 such expenditures are allowable and appropriate activi-
14 ties for programs under the Act and in accordance with
15 the cost limitations of this Act.

16 This subsection shall not apply to this Act unless States are
17 allowed to expend at least 20 percent of their annual alloca-
18 tion on administrative costs.".

19 SEC. 6. FISCAL CONTROLS AND ACCOUNTABILITY.

20 (a) DEFINITION OF PROFIT.—Section 4 of the Job
21 Training Partnership Act (29 U.S.C. 1503) is amended by
22 adding at the end the following new paragraph:

23 "(30) The term 'profit' means any revenue in
24 excess of expenditures.".

1 (b) LIMITATIONS ON CERTAIN COSTS.—(1) Section
2 108(a) of the Act (29 U.S.C. 1518(a)) is amended by striking
3 "15 percent" and inserting "20 percent".
4 (2) Section 108(b) of the Act (29 U.S.C. 1518(b)) is
5 amended by striking "30 percent" and inserting "35 per-
6 cent".
7 (3) Section 108 of the Act is amended by adding after
8 subsection (e) the following new subsection:
9 "(f) The Secretary shall comprehensively define all cost
10 categories.".
11 (c) PROCUREMENT ACCOUNTABILITY.—(1) Part D of
12 title 1 of the Act is amended by adding at the end the follow-
13 ing new section:
14 "PROCUREMENT
15 "SEC. 174. (a) Any recipient, subrecipient, or service
16 provider receiving funds under this Act shall adequately dem-
17 onstrate that it has complied with the following procurement
18 standards:
19 "(1) The recipient, subrecipient, or service provid-
20 er shall use its own procurement procedures and regu-
21 lations, provided that such standards are at least as re-
22 strictive as the standards identified in this section and
23 other applicable Federal law.
24 "(2) The recipient, subrecipient, or service provid-
25 er shall not engage in any conflict of interest, actual or
26 apparent. No employee, officer, or agent of such recipi-

1 ent, subrecipient, or service provider shall participate
2 in the selection, or in the award or administration of a
3 contract supported by Federal funds if such a conflict
4 would be involved. The Secretary shall establish regu-
5 lations outlining which activities create a presumption
6 of such a conflict and providing for penalties, sanctions,
7 or other disciplinary actions for violations.

8 "(3) The recipient, subrecipient, or service provid-
9 er shall maintain records sufficient to detail the signifi-
10 cant history of a procurement. Such records shall in-
11 clude, but are not necessarily limited to, rationale for
12 the method of procurement, selection of contract type,
13 contractor selection or rejection, and the basis for the
14 contract price.

15 "(4)(A) All procurement transactions shall be con-
16 ducted in a manner providing full and open competi-
17 tion. The Secretary shall establish regulations outlining
18 examples of situations considered to be restrictive of
19 competition.

20 "(B) The recipient, subrecipient, or service pro-
21 vider shall have written selection procedures for pro-
22 curement transactions. Such procedures shall ensure
23 that all solicitations (i) incorporate a clear and accurate
24 description of the material, product, or service to be
25 procured, and (ii) identify all requirements that the of-

1 ferors shall fulfill and all other factors to be used in
2 evaluating bids or proposals.
3 "(b) The Secretary shall issue regulations (1) outlining
4 the conditions under which procurement by noncompetitive
5 proposals may be used, and (2) requiring cost analysis, in-
6 cluding verification of the proposed cost data, the projections
7 of the data, and the specific elements of cost and profit. For
8 purposes of this subsection, procurement by noncompetitive
9 proposals is procurement through solicitation of a proposal
10 from only one source, or after solicitation of a number of
11 sources, competition is determined inadequate.
12 "(c)(1) The Secretary shall issue regulations requiring
13 each recipient to perform a cost analysis and a price analysis
14 in connection with each procurement action, including con-
15 tract modifications. The method and degree of such analysis
16 shall depend upon the facts of the particular procurement
17 situation.
18 "(2) If a profit or fee is included in the price, any recipi-
19 ent shall negotiate profit as a separate element of the price
20 for each contract. The Secretary shall issue regulations out-
21 lining factors to be considered in determining the reasonable-
22 ness of any profit.
23 "(3) The cost plus a percentage of cost method of con-
24 tracting shall not be used.".

1 (2) The table of contents for such part is amended by
2 adding after the item relating to section 173 (as redesignated
3 by subsection (d)) the following new item:

"Sec. 174. Procurement.".

4 (d) RECORDKEEPING.—Section 165 of the Act (29
5 U.S.C. 1575) is amended by adding at the end the following
6 new subsections:

7 "(d) Each recipient, subrecipient, and service provider
8 shall, for the duration of the grant, subgrant, contract, or
9 other agreement, maintain records of revenues and expendi-
10 tures.

11 "(e) All expenditures of funds received under this Act
12 shall be recorded and reported in the proper cost cate-
13 gories.".

14 (e) TECHNICAL AMENDMENTS.—(1) The second section
15 172 of the Act (as added by section 714(e) of Public Law
16 100–628), relating to construction of provisions of the Job
17 Training Partnership Act, is redesignated as section 173.

18 (2)(A) The item in the table of contents of such part
19 relating to such section is amended to read as follows:

"Sec. 173. Construction.".

20 (B) Such table of contents is further amended by insert-
21 ing after the item relating to section 171 the following new
22 item:

"Sec. 172. Presidential awards for outstanding private sector involvement in job training programs.".

1 (f) NOTICE OF PROPOSED RULEMAKING.—Not later
2 than 3 months after the date of the enactment of this Act, the
3 Secretary of Labor shall issue a notice of proposed rulemak-
4 ing with respect to this section and shall allow not less than
5 60 days for public comment. Final regulations shall be issued
6 not later than 6 months following such date of enactment.
7 SEC. 7. SERVICES FOR OLDER WORKERS.
8 (a) ALLOCATION.—Section 202(b)(2) of the Job Train-
9 ing Partnership Act is amended to read as follows:
10 "(2) For each fiscal year, there shall be available
11 to carry out section 124, relating to training programs
12 for older individuals, an amount at least equal to the
13 amount available to carry out such section for the pre-
14 ceding program year.".
15 (b) REPRESENTATION ON SJTCC.—Section 122(a) of
16 such Act is amended by adding at the end thereof the follow-
17 ing new paragraph:
18 "(8) At least one member of the State council
19 shall be the chief administrative officer from the State
20 agencies primarily responsible for administration of
21 programs for older Americans or a representative or
22 designate of such officer.".
23 (c) PERFORMANCE STANDARDS.—Section 106 of such
24 Act is amended—

1 (1) by adding at the end of subsection (d)(3) the
2 following new sentence: "In prescribing such variations
3 in performance standards for older workers (including
4 those enrolled in training programs under any title of
5 this Act which are coordinated with programs under
6 title V of the Older Americans Act of 1965) the Secre-
7 tary shall waive performance standards requiring full-
8 time (rather than part-time) employment, and shall also
9 waive performance standards relating to wage at en-
10 tered employment."; and
11 (2) by inserting at the end of subsection (e)(1) the
12 following new sentence: "In prescribing such variations
13 in performance standards for older workers (including
14 those enrolled in training programs under any title of
15 this Act which are coordinated with programs under
16 title V of the Older Americans Act of 1965), the Gov-
17 ernor shall waive performance standards requiring full-
18 time (rather than part-time) employment, and shall also
19 waive performance standards relating to wage at en-
20 tered employment.".
21 (d) ELIGIBILITY.—Section 124 is amended by adding at
22 the end thereof the following new subsection:
23 "(e) Participation by an individual under title V of the
24 Older Americans Act shall not preclude eligibility for pro-
25 grams under this Act.".

1 SEC. 8. CHILD CARE.

2 (a) RESERVATION OF FUNDS.—Section 202(b)(3) of the
3 Job Training Partnership Act is amended by inserting after
4 subparagraph (B) the following new subparagraph:

5 "(C) One percent of such allotment of each State
6 for each fiscal year shall be available to service deliv-
7 ery areas that offer child care services to the children
8 of participants under this title.".

9 (b) DELIVERY OF CHILD CARE SERVICES.—Section
10 203(b) of such Act is amended by adding at the end thereof
11 the following new paragraph:

12 "(2) CHILD CARE.—(A) Each State job training
13 coordinating council and service delivery area shall
14 make reasonable efforts to encourage job training pro-
15 viders to provide child care services to the children of
16 individuals participating in training programs under
17 this title, at minimal cost to such participants.

18 "(B) In providing the services required by sub-
19 paragraph (A) of this paragraph—

20 "(i) the job training provider shall make par-
21 ticular efforts to hire older workers and any other
22 participant under this Act who desire on-the-job
23 training in early childhood development education
24 as made available under subparagraph (C) of para-
25 graph (1) of this subsection; and

1 "(ii) the service delivery area shall make
2 available training in early childhood development
3 education to older workers and any other partici-
4 pants under this Act.
5 "(C) Child care services established under this
6 paragraph shall comply with all licensing and regula-
7 tory requirements (including registration requirements)
8 applicable under State and local law.".
9 (c) SELECTION OF SERVICE PROVIDERS.—Section 107
10 of such Act is amended by adding at the end thereof the
11 following new subsection:
12 "(e) In selecting service providers under this section,
13 the service delivery area shall take into account the extent to
14 which the service provider makes child care services avail-
15 able to participants under this Act.".
16 SEC. 9. ELIGIBILITY BY MULTIPLE BARRIERS.
17 Section 203(a) of the Act is amended by adding at the
18 end thereof the following new paragraph:
19 "(3) Not less than 50 percent of the participants in pro-
20 grams in a service delivery area receiving assistance under
21 this title shall be individuals who have 2 or more of the fol-
22 lowing barriers to employment—
23 "(A) reading or mathematics below the 8th grade
24 level;

1 "(B) a history of long-term public dependency on
2 programs of public assistance;
3 "(C) a substantially limited or substantially unsuc-
4 cessful work history.".
5 SEC. 16. ADMINISTRATION OF NATIVE AMERICAN PROGRAMS.
6 (a) PERSONNEL.—Section 401 of the Act is amended by
7 adding at the end thereof the following new subsection:
8 "(k)(1) There shall be in the Department of Labor a
9 Division of Indian and Native American programs which
10 shall be responsible for administering Native American em-
11 ployment and training programs.
12 "(2) The Director of such Division shall have experience
13 with the operation of Native American employment and
14 training programs. The Director shall be appointed by the
15 Secretary from a list of nominees submitted to the Secretary
16 by the Native American Job Training Programs Advisory
17 Council.
18 "(3) The Director of such Division shall—
19 "(A) administer the provisions of this section, in-
20 cluding the selection of the recipients of funds and the
21 monitoring of all programs authorized by this Act spe-
22 cifically for the benefit of Native Americans;
23 "(B) be responsible for the development of all
24 policies and procedures related to the implementation
25 of such programs;

1 "(C) coordinate the development of policy and
2 procedures for all employment and training programs
3 within the Department relating to services for Native
4 American workers.
5 "(4) The Director of such Division shall report directly
6 to the Assistant Secretary for Employment and Training.
7 "(5)(A) All professional staff of such Division shall have
8 field experience in the daily operation of service and training
9 programs for Native Americans. The Secretary shall give a
10 preference to Indians, Native Alaskans, and Native Hawai-
11 ians in all personnel actions within such Division. Such pref-
12 erence shall be implemented in the same fashion as the pref-
13 erence given to veterans referred to in subparagraph (A), (B),
14 or (C) of section 2108(3) of title 5, United States Code. The
15 Secretary shall take such additional actions as may be neces-
16 sary to promote the recruitment of Indians, Native Alaskans,
17 and Native Hawaiians to positions in the Division.
18 "(B) The provisions of this paragraph shall apply to all
19 personnel actions taken after the date of enactment of this
20 subsection.
21 "(C) The Secretary shall provide a one-time preference
22 for qualified individuals who are not Indians, Native Alas-
23 kans, or Native Hawaiians and are serving within such Divi-
24 sion on the date of enactment of this Act and who desire to

1 take another position within the Department for which there
2 is a vacancy.".
3 (b) CONSULTATION.—Section 401 of the Act is further
4 amended—
5 (1) in subsection (h)(1), by inserting "the Native
6 American Human Investment Council and" before
7 "representatives of Indians and other Native Ameri-
8 cans"; and
9 (2) by adding at the end thereof the following new
10 subsection:
11 "(l)(1) There is hereby established a Native American
12 Human Investment Council (hereinafter in this subsection re-
13 ferred to as the 'Council') which shall consist of not less than
14 17 Indians, Native Alaskans, and Native Hawaiians appoint-
15 ed by the Secretary from among individuals nominated by
16 Indian tribes of Indian, Native Alaskan, and Native Hawai-
17 ian organizations. The Council's membership shall represent
18 diverse geographic areas and include representatives of tribal
19 governments and of nonreservation Native American organi-
20 zations who are service providers under this Act with experi-
21 ence in operating job training programs. A majority of the
22 members of the advisory committee shall have recent field
23 experience in the daily operation of the program authorized
24 under this section.

1 "(2) The Council shall be chaired by a Council member
2 elected by a majority of the Council's membership. The
3 Council shall meet not less than twice each program year.
4 "(3) The Council shall—
5 "(A) solicit the views of a wide variety of tribes
6 and Native American groups, including those operating
7 employment and training programs funded under this
8 section, on issues affecting the operation and adminis-
9 tration of such programs;
10 "(B) advise the Secretary with respect to all mat-
11 ters concerning the implementation of programs under
12 this section and other programs providing services to
13 Native American youth and adults under this Act;
14 "(C) submit written proposals with respect to the
15 design and implementation of performance standards
16 developed under subsection (h) of this section, to which
17 the Secretary shall respond in writing;
18 "(D) advise and make recommendations to the
19 Secretary with respect to any services obtained by the
20 Department through contracts or arrangements with
21 non-Federal agencies or entities which involve the pro-
22 gram authorized by this section;
23 "(E) evaluate the effectiveness of Native Ameri-
24 can job training programs and make recommendations
25 with respect to the improvement of such programs;

1 "(F) submit to the Secretary a list of nominees for
2 the position of Director of the Division of Indian and
3 Native American Programs whenever a vacancy in
4 such position occurs;
5 "(G) report to the Congress no later than January
6 1 of each year on the progress of Native American job
7 training programs and recommendations for improving
8 their effectiveness; and
9 "(H) provide notice of rule making on perform-
10 ance standards for at least 30 days in advance of the
11 formal comment period.
12 "(4) Members of the Council shall serve without com-
13 pensation but shall be entitled to reimbursement for their ex-
14 penses in the performance of their duties. The Secretary shall
15 provide the Council with such administrative support as may
16 be necessary to the performance of its functions.".
17 SEC. 11. JOB CORPS PARTICIPATION.
18 Section 427(a) of the Act is amended by adding at the
19 end thereof the following new paragraph:
20 "(3) The Secretary may grant a waiver with respect to
21 the Job Corps centers in any region to exceed the limitation
22 contained in paragraph (2) by an additional 10 percent, sub-
23 ject to the following conditions:
24 "(A) Any increase in the number of nonresidential
25 participants (above the limitation in paragraph (2))

1 shall be filled by women, for the purpose of fulfilling
2 the requirement in section 437(a) of this Act.
3 "(B) Any Job Corps centers granted such a
4 waiver shall make available child care to the children
5 of Jobs Corps participants at minimal cost to such par-
6 ticipants.
7 "(C) In providing such child care, such center
8 shall make particular efforts to hire older workers and
9 any other participant under this Act who desire on-the-
10 job training in early childhood development education,
11 as made available under part A of title II of this Act
12 and title V of the Older Americans Act of 1965.
13 "(D) Any Job Corps center granted such a waiver
14 shall make particular efforts to ensure that the children
15 of those nonresidents allowed to participate in the Job
16 Corps program under subparagraph (A) receive child
17 care.
18 "(E) Child care service established under this
19 paragraph shall comply with all licensing and regula-
20 tory requirements (including registration requirements)
21 applicable under State and local law.".
22 **SEC. 12. JUVENILE OFFENDER DEMONSTRATION PROJECTS.**
23 Part D of title IV of the Job Training Partnership Act
24 is amended by inserting after section 456 the following new
25 section:

1 "JUVENILE OFFENDER DEMONSTRATION PROJECTS

2 "SEC. 457. (a) AWARD.—From not less than
3 $2,000,000 of the amount available to the Secretary under
4 section 452(b), the Secretary shall award not more than 10
5 grants to service delivery areas for the establishment and op-
6 eration of juvenile offender demonstration projects.

7 "(b) PRIORITY TO AREAS WITH HIGH PROPORTION
8 OF JUVENILE OFFENDERS.—In awarding funds under this
9 section, the Secretary shall give priority to service delivery
10 areas serving demonstration target areas with high propor-
11 tions of juvenile offenders.

12 "(c) COUNSELING AND SUPERVISION.—Any demon-
13 stration program funded under this section shall—

14 "(1) incorporate an alcohol and drug abuse coun-
15 seling program; and

16 "(2) provide close supervision and counseling and
17 followup to each participant by qualified personnel from
18 the time of the participant's enrollment until 6 months
19 after the participant's enrollment has ended.

20 "(d) MINIMUM DURATION.—Any demonstration pro-
21 gram funded under this section should provide no fewer than
22 6 months of service to participants.

23 "(e) ELIGIBILITY FOR SERVICES.—In addition to the
24 general requirements of parts B and C of title II of this Act,
25 enrollment in projects under this section shall be made avail-

able to youth who have been referred to service providers by schools, youth commissions, the courts (preadjudication), and after care programs (post detention).".

SEC. 13. LABOR MARKET INFORMATION.

(a) STATE LABOR MARKET INFORMATION PROGRAMS.—Section 125(a) of the Act is amended—

(1) by striking "and" at the end of paragraph (4);

(2) by striking the period at the end of paragraph (5) and inserting "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(6) provide training and technical assistance to support comprehensive career guidance and student/client outcome activities for local programs assisted under this Act.".

(b) COOPERATIVE LABOR MARKET INFORMATION.—Section 462 of the Act is amended by adding at the end thereof the following new subsection:

"(g)(1) The Secretary shall engage in research, demonstration, or other activities, including those which might be carried out by States, designed to determine the feasibility and applications of various methods of organizing and making accessible nationwide information on the quarterly earnings, establishment and industry affiliation, and geographic location of employment in order to permit the use of such infor-

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1 mation in the design and evaluation of education and training
2 programs. The Secretary shall then implement such a system
3 across the States to assist employment and training and eco-
4 nomic development activities.

5 "(2) In cooperation with the National Occupational In-
6 formation Coordinating Committee, its member agencies, and
7 the States, the Secretary shall determine appropriate proce-
8 dures for establishing and maintaining such information in a
9 longitudinal manner and appropriate policies for making such
10 information available for policy research or program evalua-
11 tion purposes (or both), while ensuring the confidentiality of
12 information and the privacy of individuals.

13 "(3) Individual anonymity must be respected at all times
14 in the activities described in this section. No record or infor-
15 mation contained therein collected or maintained for research
16 or statistical purpose under this section or funded under this
17 section may be used in individually identifiable form to make
18 any decision or take any action directly affecting the individ-
19 ual to whom the record pertains, except within the context of
20 the research plan or protocol, or with the specific authoriza-
21 tion of such individual. An individual research subject identi-
22 fied in the information disclosed shall have a legal right of
23 action against the person, institution, or agency disclosing
24 the information, the person, institution or agency seeking dis-

1 closure, and in the case of a court order, the person who
2 applied for such an order.
3 "(4) The Secretary shall make a report to Congress no
4 later than 24 months after the enactment of this Act which
5 shall describe the steps that have been taken and the sched-
6 ule for any remaining steps necessary to implement the provi-
7 sions of this section.".
8 (c) SPECIAL FEDERAL RESPONSIBILITIES.—Section
9 463 of the Act is amended—
10 (1) in subsection (a), by inserting "the Secretary
11 of Health and Human Services," after "the Secretary
12 of Education,"; and
13 (2) by adding at the end thereof the following new
14 subsection:
15 "(d) The Secretary, acting through the National Occu-
16 pational Information Coordinating Committee, shall report to
17 Congress no later than 24 months after the date of enactment
18 of this subsection, and biennially thereafter, listing recom-
19 mended common and complementary data elements and their
20 definitions, containing an analysis of the benefits of their
21 adoption and the implications for State and local purposes,
22 and identifying plans and schedules for developing and main-
23 taining this common core of data. The Secretary shall consult
24 with experts and practitioners at the Federal, State, and

1 local levels in the various program areas in fulfilling the re-
2 quirements of this subsection.".
3 (d) NATIONAL OCCUPATIONAL INFORMATION COORDI-
4 NATING COMMITTEE.—Section 464 of the Act is amended—
5 (1) in subsection (a)(1) by striking "more than
6 $5,000,000 is authorized to be reserved" and inserting
7 "less than $6,000,000 will be available";
8 (2) in subsection (a)(2) by striking "for Manpower,
9 Reserve Affairs, and Logistics" and inserting "Force
10 Management and Personnel";
11 (3) in subsection (b)(2) by inserting after "given
12 special attention to" the following: "career develop-
13 ment and"; and
14 (4) in subsection (b)(5) by inserting after "any
15 aspect of occupational and career information systems"
16 the following: "and coordination and compatibility of
17 human resources data systems operated by Federal
18 agencies or the States or both, including systems to
19 assist economic development activities and where ap-
20 propriate provide support to States in the implementa-
21 tion of such system enhancements.".
22 (e) LABOR SHORTAGES.—Title IV of the Job Training
23 Partnership Act is amended by inserting after section 465 the
24 following new section:

1 IDENTIFICATION, PUBLICATION, AND REDUCTION OF
2 LABOR SHORTAGES
3 "SEC. 466. (a) IDENTIFICATION OF LABOR SHORT-
4 AGES.—
5 "(1) METHODOLOGY.—The Secretary, in consul-
6 tation with the Secretary of Education, shall develop a
7 methodology utilizing, to the extent feasible, available
8 data bases to annually identify existing and projected
9 national and regional labor shortages.
10 "(2) LABOR SHORTAGE DESCRIPTION.—As part
11 of the identification of national labor shortages under
12 paragraph (1), the Secretary shall, to the extent feasi-
13 ble, develop information on—
14 "(A) the intensity and duration of each labor
15 shortage;
16 "(B) the supply and demand of workers in
17 occupations affected by the shortage;
18 "(C) industrial and geographic concentration
19 of the shortage;
20 "(D) wages for occupations affected by the
21 shortage;
22 "(E) entry requirements for occupations
23 affected by the shortage; and
24 "(F) job content for occupations affected by
25 the shortage.

1 "(3) FEDERAL-STATE COOPERATIVE DATA.—
2 States may participate in activities conducted under
3 this section to obtain supplemental information regard-
4 ing regional, State or local conditions. States wishing
5 to participate shall sign an agreement developed by the
6 Secretary. A participating State shall review and give
7 permission for release of results from State items gath-
8 ered under this provision prior to the release of such
9 data. The State shall pay for the supplemental State
10 and local information, and all items included at the re-
11 quest of a State shall be clearly indicated.
12 "(b) PUBLICATION OF NATIONAL LABOR SHORT-
13 AGES.—
14 "(1) IN GENERAL.—Not later than the date that
15 is 18 months after the date of enactment of this Act,
16 and each year thereafter, the Secretary shall publish a
17 list of national labor shortages as determined under
18 subsection (a).
19 "(2) DISTRIBUTION OF PUBLICATION.—The Sec-
20 retary shall make the list referred to in paragraph (1)
21 and related information available to—
22 "(A) students and job applicants;
23 "(B) vocational educators;
24 "(C) employers;
25 "(D) labor unions;

1 "(E) guidance counselors;

2 "(F) administrators of programs established
3 under this Act;

4 "(G) job placement agencies;

5 "(H) appropriate Federal and State agencies;
6 and

7 "(I) other interested parties and agencies.

8 "(3) MEANS OF DISTRIBUTION.—In making the
9 distribution referred to in paragraph (2), the Secretary
10 shall use various means of distribution methods, includ-
11 ing the Job Bank established under the Wagner Peyser
12 Act and appropriate electronic means such as the
13 Interstate Job Bank.

14 "(c) DEVELOPMENT OF DATA BASES.—

15 "(1) RESEARCH.—The Secretary shall conduct
16 research and develop data bases to—

17 "(A) improve the accuracy of the methodolo-
18 gy referred to in subsection (a); and

19 "(B) make recommendations to identify labor
20 shortages by region, State, and local areas.

21 "(2) REPORT TO CONGRESS.—

22 "(A) IN GENERAL.—The Secretary shall
23 report the progress of the research and develop-
24 ment conducted under paragraph (1) to Congress

1 at the same time the Secretary issues the annual
2 publication under subsection (b).
3 "(B) CONTENT OF REPORT.—The report re-
4 ferred to in subparagraph (A) shall specify steps
5 taken under this Act and by government educa-
6 tion, training, and employment programs to
7 reduce national labor shortages that have been
8 identified under subsection (a).
9 "(d) ANNUAL PLAN.—
10 "(1) IN GENERAL.—After the Secretary identifies
11 labor shortages under subsection (a), the Secretary
12 shall prepare and submit to Congress an annual plan
13 that specifies actions to be taken by the Secretary to
14 reduce labor shortages and recommends action for—
15 "(A) Congress;
16 "(B) Federal agencies;
17 "(C) States;
18 "(D) employers;
19 "(E) labor unions;
20 "(F) job applicants;
21 "(G) students;
22 "(H) career counselors; and
23 "(I) other appropriate parties.
24 "(2) ACTIONS SPECIFIED IN REPORT.—The ac-
25 tions referred to in paragraph (1) may include—

1 "(A) assisting recruitment efforts of job
2 placement agencies for occupations experiencing a
3 labor shortage;
4 "(B) providing career counseling and assess-
5 ments to guide potential employees into occupa-
6 tions experiencing a labor shortage;
7 "(C) accelerating education and training in
8 occupations experiencing a labor shortage;
9 "(D) offering education incentives to increase
10 federally funded training in occupations experienc-
11 ing a labor shortage;
12 "(E) enhancing education and training curric-
13 ulums for occupations experiencing a labor short-
14 age;
15 "(F) offering monetary incentives, such as
16 tuition scholarships, work study, apprenticeships,
17 student loan forgiveness, and tax incentive, to at-
18 tract employees to occupations experiencing a
19 labor shortage;
20 "(G) intensifying equal opportunity employ-
21 ment activities;
22 "(H) providing housing, child care, and
23 transportation to attract employees to occupations
24 experiencing a labor shortage;

1 "(I) restructuring jobs to reduce labor re-
2 quirements or to attract employees to occupations
3 experiencing a labor shortage, or both;
4 "(J) increasing automation to provide needed
5 services to employers;
6 "(K) targeting immigration to provide more
7 employees for occupations suffering from a labor
8 shortage; and
9 "(L) assisting economic transition.
10 "(e) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated to carry out this section,
12 $2,500,000 for the first fiscal year beginning after the date of
13 enactment of this section and $500,000 for each fiscal year
14 thereafter.
15 "(f) DEFINITION OF LABOR SHORTAGE.—For purposes
16 of this section, the term 'labor shortage' means a situation in
17 which, in a particular occupation, the amount of labor sup-
18 plied is less than the amount of labor demanded by employ-
19 ers.".
20 (e) DATA ELEMENTS.—Section 463 of the Act is
21 amended by adding at the end thereof the following new sub-
22 section:
23 "(d) The Secretary, acting through the National Occu-
24 pational Information Coordinating Committee, shall report to
25 Congress no later than 24 months after the date of enactment

1 of this subsection, and biennially thereafter, listing recom-
2 mended common and complementary data elements and their
3 definitions, containing an analysis of the benefits of their
4 adoption and the implications for State and local purposes,
5 and identifying plans and schedules for developing and main-
6 taining this common core of data. The Secretary shall consult
7 with experts and practitioners at the Federal, State, and
8 local levels in the various program areas in fulfilling the re-
9 quirements of this section.".

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OPENING STATEMENT OF CHAIRMAN AUGUSTUS F. HAWKINS

FULL COMMITTEE HEARING ON H.R. 2039

CHICAGO, ILLINOIS -- JANUARY 12, 1990

Good morning. I am pleased to join my colleague, Congressman Charles Hayes from Illinois, at this fifth hearing on H.R. 2039, the Job Training Partnership Act Amendments of 1989, and related proposals. These amendments to JTPA will enhance substantially the quality of job training for economically disadvantaged adults and youth in this country.

My initiative, H.R. 2039, does not undermine the stability of the current JTPA system. It essentially leaves the existing structures in place. It leaves intact the public/private partnership which has worked well in service delivery areas across the country. But, by improving targeting and creating a separate, year-round program for youth, it does change existing policies relating to who is being served by JTPA, the types of services being provided, and the outcomes expected under the program.

In my view, the intended recipients of JTPA services should be those economically disadvantaged individuals with the greatest barriers to employment who are most at risk of failure in the job

market. Yet, those adults and youth who are most in need are underserved by JTPA, as evidenced by reports by the General Accounting Office and the Department of Labor's Office of the Inspector General.

H.R. 2039 addresses many of the concerns raised in these evaluation reports and in previous hearings. In addition to improved targeting and more emphasis on at-risk youth, the bill will: (1) provide more funds to local service providers; (2) redirect existing incentive grants for serving in excess of the targeted harder-to-serve popultion; (3) modify the performance standards to promote delivery of services to the hard-to-serve; and (4) change the allocation formula for the youth program to ensure that funds go to service delivery areas with greater concentrations of economically disadvantaged youth.

Today's workplace is becoming increasingly technical and demanding of adequate skills. Yet, there is a growing concern about the dearth of workers with adequate employability skills who are equipped to fill the needs of the job market. Our attempts in this proposal to strengthen the Job Training Partnership Act, hopefully, will help economically disadvantaged adults and youth to prepare for and compete in today's labor market.

We look forward to the testimony from our panelists on refocusing and improving the Job Training Partnership Act.

# # #

Chairman HAWKINS. At this time, Mr. Hayes, I would like you to assume the chairmanship of the committee for the balance of the hearing. If you care to do so, it may be more convenient to switch places with you. Just bring your name plate, so we will avoid any disruption, and I will turn the gavel over to you.

Mr. HAYES. Thank you very much.

Chairman HAWKINS. Thank you.

Mr. HAYES. Thank you, Mr. Chairman. I would first like to welcome you to Chicago, and to express my appreciation and gratitude for your convening this very important hearing. I also wish to thank my colleague, Congressman Savage, and I would like to welcome, when he arrives, Senator Paul Simon, and Congressman Fawell, who I am told is also going to be present. I should welcome Senator Simon, because it is home to him, too, here in the State of Illinois, and given the fact that he served as a member of the committee while he was in the House of Representatives.

We are here, as the Chairman stated, to review legislation which proposes major reforms to the Job Training and Partnership Act, JTPA. The Act has been the centerpiece of Federal employment and training policies since 1982.

I am here today, not only as a representative of the First Congressional District of Illinois, but also as a concerned citizen. In my district, as well as throughout the State of Illinois, we continue to suffer, because we don't have enough jobs to employ those who want to work.

I am sure that I have been quoted many times as saying that jobs are my number one priority, and I mean it. I am one who benefitted from government programs when I started to work as a young man in Southern Illinois.

The Civilian Conservation Corps, the CCC camps, a program that was part of the Work Progress Administration, WPA, offered me an opportunity to obtain the skills needed to go out and find a job. For that very reason, I am so pleased to be here today.

We need to provide opportunities for training and employment in this Nation. So, I look forward to hearing from our witnesses today, particularly since they are experts, the folks that work day in and day out with this program.

I again thank the chairman and my colleagues for coming out today, and I would like to call on my colleague Congressman Savage, from the Second Congressional District here in Illinois, in Chicago, for some remarks. Congressman Savage.

STATEMENT OF HON. GUS SAVAGE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. SAVAGE. Permit me, Mr Chairman, to briefly explain why I am here, since I am not a member of the Committee on Education and Labor. As you know, the U.S. House of Representatives limits us to membership on only one major committee, and my major committee assignment is Public Works and Transportation, where I serve as the senior Member from Illinois, and chair the Subcommittee on Economic Development for this Nation.

Yet, may I add, because of my five term seniority on that committee, there is a $153 million Federal project presently under con-

struction, just two blocks from here, with a record high amount of minority contracting and employment.

Also, I have helped secure a $350,000 Federal economic development authorization for the City of Chicago, to conduct a job retraining and placement program for former steel workers, on the far Southeast side of the Second Congressional District that I have the honor to represent.

And more recently, a $180,000 for industrial development in the town of Dolton. So, you see, I, too, have an effective and genuine interest in creating more jobs, especially for minorities. Indeed, I believe that more and better jobs, with fairer opportunities for advancement, will combat crime and drug abuse far more effectively than imprisonment and public aid.

I am here today, Mr. Chairman, not only because we share a first name, but also because I share your deep concern for the unemployed and the uneducated.

Incidentally, I shall convene a Congressional hearing on economic development in the Chicago metropolitan area in this same building on Friday, March 2, because employment and economic development go hand in hand, and I thank you, Mr. Chairman.

Mr. HAYES. Thank you. Now, we will get right into our list of witnesses. My colleague, Senator from the State of Illinois, Senator Simon, glad to have you with us, Senator.

Senator SIMON. Thank you, very much.

Mr. HAYES. Do you have any opening remarks that you would like to make?

STATEMENT OF HON. PAUL SIMON, A SENATOR IN CONGRESS FROM THE STATE OF ILLINOIS

Senator SIMON. I will be very brief.

First of all, I want to thank my colleagues in the House for demeaning themselves, and tolerating a Senator here.

I used to be a member of this committee, and let me add particular welcome to Congressman Gus Hawkins. He has been a giant in the U.S. House of Representatives.

Some of you will recall a great struggle we had some years ago, in what is generally known as the Humphrey-Hawkins Full Employment bill. That was Senator Hubert Humphrey and Congressman Gus Hawkins, two people who have championed the cause of opportunity for everyone.

Now, unfortunately, the Humphrey-Hawkins bill is observed more by its breach than by really following the spirit of what the Humphrey-Hawkins bill had to say. But one of these years, and this is totally aside from the JTPA bill proposals now, but one of these years, we are going to move in a direction that Congressman Charlie Hayes, and Congressman Gus Savage, and Congressman Gus Hawkins, and Paul Simon, want to move, and that is, to guarantee a job opportunity to every American. The day we do that, we are going to be a much richer Nation.

It is very interesting, just recently, just about six weeks ago, we got the latest drug statistics. In fact, I thought it was going to be on the front pages of the newspapers across the Nation. The ethnic group, the age group with the highest drug use, are the unem-

ployed. I asked the Director, "You mean, if we move on the problems of unemployment, we are going to be moving on the drug problem?" And he said, "No question about it." But I am pleased to be here with Congressman Hawkins, and with my colleagues, Congressman Charlie Hayes and Congressman Gus Savage, both of whom have been champions of creating job opportunities for everyone.

It is significant that we are meeting just a few days before we observe Martin Luther King's birthday. One of the things that he fought for, consistently, was to see that decent job opportunities were there for everyone.

On the immediate JTPA situation, we have a bill in the Senate that has emerged from the committee. We still have some things to work out in it, but the basic thrust is that we have to move away, frankly, from creaming the target population. We have to move away from taking those who are easy to employ, to move more toward those who are hard to employ. That thrust, I want to keep.

The second thing I think is extremely important, and that is that we concentrate more on areas of greater poverty. That is something that I think is extremely important. I regret, Mr. Chairman, that I am not going to be able to stay for your whole hearing, but I am going to be here for awhile. I am pleased to be here to learn a little more, and also to acknowledge the leadership that all three of you have been providing.

[The prepared statement of Senator Paul Simon follows:]

STATEMENT OF SENATOR PAUL SIMON
COMMITTEE ON EDUCATION AND LABOR
HEARING ON H.R. 2039
"JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989"
January 12, 1990

GOOD MORNING. MR. CHAIRMAN, I WANT TO TAKE THIS OPPORTUNITY TO THANK YOU AND TO THANK OUR GOOD FRIEND AND COLLEAGUE, REPRESENTATIVE HAYES, FOR ALLOWING ME TO PARTICIPATE IN THIS HEARING ON A SUBJECT I KNOW WE SHARE A STRONG COMMITTMENT TO -- THE JOB TRAINING PARTNERSHIP ACT. I ALSO WANT TO COMMEND YOU FOR HOLDING THIS HEARING IN CHICAGO, WHICH IS A CITY IN GREAT NEED OF ADDITIONAL FUNDS AND SERVICES, PARTICULARLY FOR ITS "AT-RISK" YOUTH. I LOOK FORWARD TO WORKING WITH BOTH OF YOU AND EACH OF OUR WITNESSES HERE TODAY AS WE MOVE OUR RESPECTIVE BILLS THROUGH THE CONGRESS. I KNOW WE SHARE MANY OF THE SAME OBJECTIVES IN REVISING JTPA AND MY HOPE IS THAT WE CAN GET A BILL SIGNED INTO LAW BY THE END OF THE YEAR.

THIS PROGRAM IS CURRENTLY IN LAW BECAUSE OF A BIPARTISAN EFFORT TO ENACT IT IN 1982. I EXPECT ANOTHER BIPARTISAN BILL TO BE PASSED BY THE CONGRESS. I ALSO WANT TO SEE A STRONG BIPARTISAN EFFORT FIGHTING FOR INCREASED FUNDING FOR THIS PROGRAM, WHICH NOW SERVES ONLY 5% OF THE ELIGIBLE POOR POPULATION.

UNEMPLOYMENT IS AN EXPENSIVE ALTERNATIVE TO PROVIDING BASIC SKILLS AND TRAINING FOR OUR NATION'S UNEMPLOYED YOUTH AND ADULTS. THE COSTS OF NOT EDUCATING AND TRAINING OUR YOUTH IS A GREAT DEAL HIGHER WHEN ONE CONSIDERS THE COSTS AND DEVASTATION IN OUR STREETS DUE TO THE INFLUENCES OF CRIME AND DRUGS.

IT IS NOT JUST AN ISSUE OF FAIRNESS AND EQUITY IN THE OPPORTUNITIES WE PROVIDE FOR OUR YOUTH -- IT IS AN ISSUE OF ECONOMICS AND THE LONG-TERM PRODUCTIVITY AND STRENGTH OF OUR NATION. THE NATIONAL SECURITY OF OUR NATION IS NOT ITS MILITARY SECURITY BUT RATHER ITS ECONMIC SECURITY.

IF WE WANT PEOPLE TO WORK, THEN WE MUST PROVIDE THE EDUCATION AND TRAINING THAT MAKES A LIVING WAGE A REALITY IN THE LIVES OF ALL AMERICANS. WE MUST BUILD PRODUCTIVITY THROUGH EMPLOYMENT. FULL EMPLOYMENT WILL COME WHEN BASIC SKILLS EDUCATION AND TRAINING ARE AVAILABLE TO ALL.

RECENTLY BEFORE MY SUBCOMMITTEE, ONE WITNESS TESTIFIED THAT JTPA IS "SOMETIMES CALLED THE SECOND CHANCE SYSTEM, SOMETIMES CALLED THE LAST CHANCE SYSTEM." FOR TOO MANY AMERICANS IT IS THE <u>ONLY CHANCE</u> THAT THEY WILL HAVE TO OVERCOME THE MULTIPLE BARRIERS TO JOBS THAT WILL ALLOW THEM TO CONTRIBUTE TO, RATHER THAN BE DEPENDENT ON, OUR SOCIETY.

I LOOK FORWARD TO WORKING WITH EACH OF YOU HERE TODAY AND TO WORKING WITH MY COLLEAGUES ON A CONTINUED BIPARTISAN, BICAMERAL EFFORT TO DO WHAT IS RIGHT TO PROPERLY SERVE AND TARGET THE UNEMPLOYED POOR IN OUR COUNTRY.

Mr. HAYES. Thank you very much, Senator, and we understand your schedule. When you have to leave, certainly it won't be any problem. We understand that you are following a schedule that you had outlined sometime before we set this hearing.

But for our first witness, a young lady who is a Commissioner in the City of Chicago. We both have been early morning risers this morning. We were over at the Hyatt Regency Hotel, as participants in the breakfast called by the Mayor of the City of Chicago in honor of Dr. Martin Luther King's birthday. So, we rushed from there, and I see you beat me here. I give you now for some opening remarks, from the City of Chicago, from the mayor's office, Commissioner Mary Gonzales Koenig.

STATEMENT OF COMMISSIONER MARY GONZALEZ KOENIG, CITY OF CHICAGO MAYOR'S OFFICE OF EMPLOYMENT AND TRAINING

Ms. KOENIG. Thank you so much, and I, too, want to join Congressman Hawkins in congratulating you. I am deeply grateful to Congressman Hayes for being sensitive to this issue, and taking positive action when we spoke to you about the needs of Chicago. Thank you so much.

I would like to say good morning to Chairman Hawkins, Representative Hayes, Senator Simon, and Representative Savage.

My name is Mary Gonzalez Koenig, Director of the Mayor's Office of Employment and Training for the City of Chicago.

On behalf of Mayor Rich Daley, I want to thank Chairman Hawkins and Representative Hayes for asking me to testify this morning, on the proposed changes to the Job Training Partnership Act.

You have been provided with copies of my full testimony, and in the interest of time, I will only highlight key points here.

By way of background, I direct one of the largest JTPA service delivery areas in the country. We distribute over $50 million in Federal funds through some 100 community based, and city wide agencies, and we are committed to serving those most in need. Approximately 70 percent of our program participants are black, and 20 percent are Hispanic. About 50 percent of our participants have been on welfare.

Last year, 16,000 Chicago residents received training services from our programs; 14,000 young people received summer jobs through our hire the future program. The City of Chicago has been involved in federally funded job training programs since 1969, and up until last April, when I was asked by Mayor Daley to take on this appointment, I ran the largest Hispanic job training agency in Chicago. The review of the Job Training Partnership Act, currently going on in Congress, is an opportunity to refine its original mission, and shore up its weaknesses.

But to do that, we must understand what JTPA is and is not.

JTPA is not a substitute for the troubled system of public education, nor can it adequately remedy all of the institutional casualties of that system. JTPA is not a panacea for solving the problem of unemployment, and it cannot eliminate the need for income maintenance programs. JTPA is a meaningful national effort to increase labor market participation among the disadvantaged through a flexible set of local programs.

In reviewing the proposed changes to the legislation, two areas in particular are crucial for Chicago.

First, in any revision of the JTPA legislation, scarce resources should be directed to the area of the country that needs them most. The current formula for allocating Federal job training dollars does not do that. It short changes large cities, like Chicago, which have a high concentration of economically disadvantaged persons with limited access to jobs.

Chicago has 50 percent of the JTPA-eligible population in Illinois. Yet the city only gets 35 percent of the state's JTPA dollars. The net result is that the City of Chicago receives $49 for each eligible person residing in the city. In other areas around the state, the average allocation for each income-eligible person is $91, or 86 percent more than Chicago. Secondly, the current legislative proposal attempts to solve certain well-publicized deficiencies, by adding onerous administrative requirements that distract from the objective of providing disadvantaged people with meaningful jobs. Let us not forget that the basic standard for judging JTPA accomplishments, is increased employment and income, and reduced dependency for the participants. The further we drift from the standard, the further we drift from the program's original intent.

Again, thank you, Mr. Chairman, and Representative Hayes, who have helped bring this hearing to Chicago. Employment and training programs are vitally important to cities like Chicago, and I appreciate the opportunity to share our views. Thank you.

[The prepared statement of Mary Gonzalez Koenig follows:]

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Richard M. Daley, Mayor

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Testimony of Mary Gonzalez Koenig
Assistant to the Mayor
Employment and Training
City of Chicago

to the

House Committee on Education and Labor

January 12, 1990

The review of the Job Training Partnership Act currently going on in Congress presents an opportunity to build on the strengths of the nation's job training system and to shore up its weaknesses. It is a chance to refine the mission of JTPA, to sharpen its focus, and to reaffirm and preserve its unique contributions.

Job training programs have been a lightning rod for criticism at both the national and local levels. They will no doubt continue to be so because JTPA will not solve the problem of unemployment; it can not eliminate the need for income maintenance programs; it can not substitute for the troubled system of public education or even adequately remedy all of the institutional casualties of that system.

It is important to recognize JTPA for what it is: not a panacea, but a meaningful national effort to increase labor market participation among the disadvantaged through a flexible set of local programs. JTPA has been successful in what it was expected to accomplish. The initial years of the program were directed toward demonstrating effectiveness and efficiency after the termination of the much-maligned CETA program.

Surely enough, JTPA has met the performance standards which the Department of Labor established. Placement rates have been high and unit costs have been reasonable. Unfortunately, six years of operating experience has shown that true success in employment and training goes far beyond those measures of effectiveness and efficiency. A consensus seems to be emerging that what job training programs ideally need to accomplish is longer-term retention in jobs at quality wages for those

persons who would not have been successful in the labor market but for the JTPA intervention.

That laudable goal has distinct implications for current programming. Those implications include greater costs, fewer participants served, and lower levels of positive outcomes. That is a difficult proposition to face in an era of tight budgeting that demands demonstrated success.

In any revision of the JTPA legislation, we must realize that the scarce resources that are available should be directed to the areas of the country that need them most. The allocation formula is the instrument that will bring this about, and the formula now in place is in dire need of change. The current arrangement short-changes large cities like Chicago that have high concentrations of economically disadvantaged persons with limited access to jobs--persons for whom services under JTPA were intended.

The intent of the act focuses on the structurally unemployed - welfare recipients, high school dropouts, unskilled economically disadvantaged adults. All of these groups face serious employment barriers. On the other hand, the current funding formula is based primarily on unemployment statistics, a data source that does not responsibly take into account exactly these same groups. The statistical elements of the current formula, in short, do not represent the core of JTPA's intended target group.

Chicago, for example, gets proportionally less money to serve its eligible population than other, more affluent areas of the state and the nation. The City of Chicago is the residence of 556,000 JTPA income-eligibles, or 50% of the persons eligible for JTPA in Illinois. As the table below shows, the City only received about 35% of state JTPA funds for its year-round employment and training efforts for the program year that began July 1, 1989.

The inconsistency between funding and needs is particularly clear when per-capita dollars are compared across JTPA jurisdictions in Illinois. For the current program year the City of Chicago will receive $49.00 to serve each income eligible person residing in the city. For the SDAs around the rest of the state the average allocation for each income eligible person is $91.00, or 86% more than Chicago. Even in neighboring DuPage County, a thriving area with one of the highest income levels in the nation, the dollars received per eligible person are significantly higher than in the City of Chicago with the most concentrated poverty population anywhere in the state.

JTPA Allocations and Eligible Population

	City of Chicago	Balance of Illinois SDAs
Share of Income Eligible Population	50.1%	49.9%
Share of PY'89 Illinois Allocation	35.3%	64.7%
Dollars Allocated per Eligible Person	$49.00	$91.00

The JTPA allocation formula should be changed, and the following five criteria could serve as one basis for that change.

A new JTPA allocation formula should:

1) Direct funding to areas based on economically disadvantaged persons in need of job training services.

2) Ensure that dollars allocated per eligible person are constant between SDAs.

3) Promote year to year funding stability for SDAs that facilitates multi-year planning.

4) Reduce the amount of discretionary set asides and get more dollars out to areas with demonstrated needs. Such monies should be used to fund locally initiated, innovative programs.

5) Emphasize economic hardship rather than unemployment.

I fully support the idea that since monetary resources are scarce, program services must be carefully targeted. However, the overly complex eligibility provisions now in the House bill intended to bring about this targeting, could be completely deleted. Exactly the same objectives could be fully accomplished by relying on other provisions of Chairman Hawkins' bill, which describe incentives for meeting program goals.

The issues of eligibility and targeting need to be clearly separated in the pending legislation. Eligibility should be based on economic disadvantage, a criterion amenable to clear-cut documentation and audit review. Targeting should steer the JTPA system toward serving those with employment barriers. Targeting must consider the tremendous variability

among populations in need throughout local areas across the United States.. For example, the needs of recent immigrants and persons with language barriers would be more prominent in Chicago than in many rural areas in the surrounding midwest. Targeting provisions need to allow for diversity of eligible populations among SDAs.

Over six years of national operating experience in JTPA have made it abundantly clear that SDAs respond enthusiastically to incentives. In fact, the diligence of SDAs in pursuing the present set of incentives now offered for low-cost, low-intensity, short-term programs is in large part behind the current criticism that the most needy groups have been underserved.

Incentives should be the primary vehicle for implementing a more targeted program. The House bill already contains the necessary incentive provisions. Such provisions provide a means to accomplish the focus on the most needy desired by Congress and avoid complex procedure-oriented paperwork dreaded by SDAs.

Scarce resources demand a program that is simple, straightforward, and easy to administer. I urge you to pay heed to the maxim of one of Chicago's world-famous architects: "less is more". Administrative provisions insofar as possible should de-emphasize process oriented paperwork that diverts attention from program objectives.

The proposed eligibility requirements in the House bill provide one

example of how this concern with "process" can come to overshadow what I am sure is the bill's genuine commitment to meaningful performance. For instance, the determination of basic skills deficiencies required in the bill cannot occur without the testing of all applicants. Thus, additional administrative expenses will be incurred on behalf of persons who ultimately will be determined ineligible to participate. But how are SDAs to be paid for what could become a major expense, especially in those places with a relatively larger pool of applicants?

Furthermore, legal liability demands that the eligibility determination process be 100% accurate. Guaranteeing the validity of that testing process across the whole range of service providers represents another new administrative expense. Finally, mandatory up-front comprehensive testing may well put off persons who have previously had negative experiences in the educational system but who nonetheless desire and are seriously in need of JTPA services.

Job training must compete with other worthy programs in the federal budget arena, where there is little tolerance for failure. That is why clear, measurable outcomes are paramount and the program objectives of JTPA must be held in constant focus.

Provisions in the House bill concerning performance standards and separate youth and adult titles recognize both of these imperatives.

Regarding separate adult and youth programs - I think it is a good idea. Such a separation makes it easier to establish different and more appropriate allocation formulas. It also allows an emphasis on different

service strategies that are more appropriate to either adults or youth.

Regarding performance standards - we need a system of standards that sends clear signals about what JTPA is intended to accomplish. Performance standards have been subject to changes and growing complexity as new measures were added to specify more exactly what it was we were trying to do. The performance standards burden is getting heavier and we run the same risk of perceived failure that CETA experienced due in part to shifting goals and requirements. The current twelve standards are too many. Such a system is unwieldy from a management standpoint and it also makes goals and accomplishments more difficult to convey to those outside the JTPA system. Let's determine the most appropriate success measures and stick with them. I would suggest the following as a core for performance measurement:

- adult post-termination measures of employment, earnings, welfare recipiency,
- an adult measure of skills attainment to record interim progress toward employability (as proposed in the House bill),
- youth termination measures of employment and employability enhancement.

Finally, I would personally like to thank Chairman Hawkins, Congressman Hayes, and the members of the House Committee on Education and Labor for inviting me to testify at this hearing. Employment and training programs are vitally important to cities like Chicago and I appreciate the

opportunity to share our views.

I would also like to thank the members of the Committee for their efforts to improve the JTPA and for their support for programs that have assisted so many people in Chicago to become productive and self-sufficient.

Mr. HAYES. Thank you very much, Ms. Koenig. As you have already been advised, your entire statement will be made a part of the record. Please know that we share your concerns about the shortage of dollars. When we talk about the people that we serve here in the City of Chicago, it is important to note that of the Federal dollars that are returned to the State of Illinois, we don't even begin to get our share.

Ms. KOENIG. That's right.

Mr. HAYES. But the danger is, we are going to find ourselves getting less dollars, unless we get fully behind to support the fullest installation of this program. I would like to ask our committee chairman, before you leave, if he has any questions, or comments that he wants to make. Congressman Hawkins?

Chairman HAWKINS. Well, just one.

Commissioner, you indicated on page 4 of the prepared statement that one of the aims of the legislation should be to reduce the amount of discretionary funds. We are talking about set asides. The committee is under heavy pressure to retain one of the set asides pertaining to the elderly, as well as several other set asides. As you know, in the proposal we tend to go in the opposite direction to eliminate some set asides, but there is a tremendous pressure to include them. I am confident that other groups, the veterans, the displaced homemakers, etc., all will be demanding a specific set aside. I am quite sure that Senator Simon will get the same pressure on the other side. I am not so sure which one of us will feel that we should succumb to this pressure.

Are you advocating, in effect, that set asides be reduced, or eliminated altogether?

Ms. KOENIG. No. I think we are after the same thing, but it is how we do it is a concern that I have. I think that having discretionary money allocated directly to the local level, so that those programs could be designed for the specific needs of that local level, and we have had discretionary monies to be able to design programs to meet those priorities, and those concerns that are identified at the local level. And I think that those monies can best serve the needs of those particular people at the local level.

It is not necessarily that the concerns that we have in Chicago would be the concerns that would be available, that would be the concerns of those in other areas, and so that we can best use that money to target those major concerns is what I would like to see discretionary monies used for.

Chairman HAWKINS. Well, then you agree with the bill's proposal to reduce or to eliminate many of the set asides, and leave that decision up to the local groups.

Ms. KOENIG. Yes.

Chairman HAWKINS. The SDAs would determine how much of that money would be used.

Ms. Koenig. Exactly.

Chairman HAWKINS. So that if, for example, a specific set aside is made for the elderly, those 55 and over, but let us say a local area has a greater need for some other group, that that local group would make that decision, rather than the Federal Government itself making that decision in advance.

Ms. KOENIG. That is exactly what I am saying.

Chairman HAWKINS. Thank you.

Ms. KOENIG. Thank you so much.

Mr. HAYES. Senator Simon?

Senator SIMON. Yes. Chairman Hawkins is right in some of the problems that we are facing on this, but I agree to the extent that we can politically work it out, to give the maximum flexibility. We ought to be trying to do that. I think that the other point that you make, Commissioner, that is extremely important. It is illustrated by the City of Chicago having 50 percent of the income-eligible population, and getting 35 percent of the funds.

Now, realistically, we have to work out some kind of an accommodation with other areas. But there ought to be a shifting over to the areas of great need. So, in the Senate bill, what we have done, at least temporarily, we have to go through this on the floor yet, but is to say no area can get less than 90 percent of current funding. But let us start shifting this focus to areas of great need, and I think your testimony is right on target.

I thank you, Mr. Chairman. Thank you, Commissioner.

Mr. HAYES. Congressman Savage?

Mr. SAVAGE. I would only want to verify what I think I understood Commissioner Koenig to say. That is, you favor at the local level, say in this case, the City of Chicago, targeting JTPA funding and activity to groups of greatest need.

For instance, unemployment in Chicago is highest among blacks, and then next among Hispanics, so that when you speak of having the discretion locally, then, you particularly target such groups. That if blacks, are say, 50 percent disproportionate in the amount of unemployment, you would want to approximate that kind of figure in targeting the funds and the programs. Is that correct?

Ms. KOENIG. Yes. We want to make sure that we are certain of those who really need it, and that is where the dollars, and programs, and benefits, are going to.

Mr. SAVAGE. Thank you, Mr. Chairman.

Mr. HAYES. Thank you, Commissioner Koenig, for taking time out of your busy schedule. We certainly hope that we can accomplish our wishes as a result of this hearing. At least it is a good beginning.

Ms. KOENIG. Thank you so much for your efforts, and we are lucky to have you where you are.

Mr. HAYES. Thank you very much.

All right. I would like to call this group, Panel Number 1. James Compton, President and Chief Executive Officer of the Chicago Urban League; Mr. Marshall Cobleigh, Chair, State JTPA Liaison Group; and Mr. David R. Pierce, Executive Director of the Illinois Community College Board, representing the American Association of Community and Junior Colleges.

Let me advise each of you gentlemen that your statement, in its entirety, will be made a part of the record of this hearing, so it would help us very much if you would sort of testify, based on the highlights of your testimony, rather than following, verbatim, your statement. This will enable us to conserve time and hear the rest of the witnesses before we have to adjourn.

Thank you very much.

We will start with you, Mr. Compton.

STATEMENT OF JAMES COMPTON, PRESIDENT AND CEO, CHICAGO URBAN LEAGUE

Mr. COMPTON. Thank you very much, Congressman Hayes, and to Chairman Hawkins, and you, Senator Simon, who is also a sponsor of the Senate bill on this issue, and to you, Congressman Savage.

I will, as has been indicated by Congressman Hayes, omit some of my opening remarks, but I do want to thank the Chairman, Congressman Hawkins, as well as Congressman Hayes, for convening this extremely important hearing here this morning.

The Chicago Urban League, as Congressman Hayes, who is also a director of the league, well knows, has a great interest in the amendments and related proposals concerning the Job Training Partnership Act. Programs funded by the Job Training Partnership Act provide the only major source of free employment training for jobless, low-income residents in this state. And at a time when this region is experiencing a combination of substantial economic expansion, as well as severe long term joblessness, and poverty, this is an extremely important issue.

We strongly endorse the extension of the Job Training Partnership Act. Additionally, we are particularly encouraged by amendments which will increase the number of disadvantaged adult, as well as youth participants, in JTPA programs, and also provide greater basic skills and competency training for the participants.

A recent study of the Illinois JTPA program by the Chicago Urban League Research and Planning Department found a growing concern among JTPA personnel at all levels over the quality of training offered in this program.

The concern was sparked by low job retention rates among JTPA participants placed in employment, and by public criticisms of JTPA for concentrating its resources on relatively superficial training of less disadvantaged workers.

According to our study, almost half of all participants in this state are below 22 years of age. Youth make up 50 percent of all participants served in the City of Chicago. Research shows that the most positive long term effects of job training programs come when they give young workers the skills they need to compete in the job market. The best documented positive effects, for example, were found by a National Academy of Sciences study of the Job Corps, an extensive and intensive long term training program for severely disadvantaged youth.

I want to correct that. That is extensive, as opposed to expensive, in the document. There is also a need to create stronger incentives in the JTPA program to provide long term training and basic skills training to high school dropouts, and people with limited English skills.

The majority of participants in Metropolitan Chicago JTPA continue to be concentrated in short term occupational training, that primarily leads to low wage service and clerical positions.

Academic training is minimal in this program. Increasing numbers of youth are being placed into youth competency programs, where the standards for success and completion are not rigorously or consistently defined. We recommend that the program create

more opportunities for long term training, and basic skills training, and that continuation of school be considered a positive termination, regardless of age.

Local JTPA programs should be encouraged to develop more skills related content, and goals for the youth competency programs. Rather than emphasizing youth employment, the program should be geared to education retention, and academic progress. Local programs should be encouraged to develop GED programs in conjunction with local high schools and the community colleges. Resources from all three systems should be combined to maximize the use of education and training money to provide a second chance to the high school dropout.

To serve the needy, youth as well as adult, there is a need to place greater emphasis in the JTPA program on preparing participants for more substantive higher paying jobs. According to JTPA's own survey in Illinois, the statewide average earnings of JTPA placements is $202 per week, which translates into an annual income of $10,504, which, as you know, is below the poverty level for a family of four.

The Northern Cook County JTPA program, which is classified as a full employment area, reported average wages for JTPA placements of only $234 a week, or $12,168 a year, which is barely above the poverty line.

Since only small numbers of blacks and Hispanics live in the northern suburbs, few are able to take advantage of the training and job placement opportunities that exist in that region.

The structure of JTPA program boundaries makes matters worse by separating suburban areas of high economic growth from the central city areas of high unemployment. This creates additional barriers to access into the suburban labor market the poor, inner city residents, who are primarily minority.

Now JTPA, to the degree possible, would be used as a tool to promote access to the suburban labor market for poor, inner city residents. And we recommend that there should be a development of an extensive transfer system between city and suburban training programs, rather than the limited coordination that exists at the present time. City residents should have access to all suburban job listings available to JTPA participants outside of the city.

The Chicago Urban League report found important differences among Whites, African-American and Hispanic, and the type of training received, and in subsequent labor market experiences, under the auspices of the JTPA program. Throughout the Metropolitan Chicago area, black JTPA participants are heavily channeled into youth competency programs, one of the programs with the least amount of specific vocational, or basic skills training. Black participants are underrepresented in the OJT programs, and these trends are most pronounced in the City of Chicago, where the vast majority of blacks receive their training.

Throughout the metropolitan region, even after receiving the same type of training, African-Americans usually have the lowest job placement rates, experience apparent discrimination by employers who usually hire equally trained Whites and Hispanics, rather than blacks. The largest racial differences in job placement occur in the suburban areas, which are also experiencing the greatest

number of job increases. Some of these disparities show the continued effect of discrimination in the private labor market, but a publicly funded program should not discriminate in program referrals, nor can it passively accept discrimination by participating employers. It is our belief that JTPA officials need to made more responsible for monitoring and investigating discriminatory practices on the part of the private sector.

I close by summarizing, that JTPA is a program with little civil rights enforcement, and has consistently produced better results for White men, in relationship to both minorities and women. Administrators should be held accountable when there are systematic, or systemic differences in quality and type of training offered by race. Employer practices should be monitored, and employers should be held accountable when there are differences in hiring or pay by race and sex.

The JTPA program, it is our belief, needs to move from the public relations successes to real accomplishments, to provide substantive training fairly available to all, regardless of race or sex, in order to transform the opportunities of disadvantaged workers of the greater Chicago region. Again, Congressman Hayes, and Congressman Hawkins, we appreciate this opportunity to be before you.

[The prepared statement of James Compton follows:]

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CHICAGO URBAN LEAGUE

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TESTIMONY OF JAMES W. COMPTON
PRESIDENT OF THE CHICAGO URBAN LEAGUE
ON THE JOB TRAINING PARTNERSHIP ACT
AMENDMENTS OF 1989 (H.R. 2039)
BEFORE THE HOUSE COMMITTEE ON EDUCATION AND LABOR
AT THE DIRKSEN FEDERAL BUILDING
CHICAGO, ILLINOIS
JANUARY 12, 1990

I AM JAMES W. COMPTON, PRESIDENT OF THE CHICAGO URBAN LEAGUE. THE LEAGUE THANKS THE HOUSE COMMITTEE ON EDUCATION AND LABOR, AND ITS CHAIRMAN, CONGRESSMAN HAWKINS, FOR CONVENING THIS IMPORTANT HEARING.

THE CHICAGO URBAN LEAGUE, FOUNDED IN 1916, IS CHICAGO'S OLDEST AND LARGEST RACE RELATIONS

AGENCY, AND IS THE LARGEST OF THE 113 AFFILIATES OF THE NATIONAL URBAN LEAGUE. SINCE OUR BIRTH, WE HAVE FORWARDED THE IDEAL OF AN OPEN, INTEGRATED AND PLURALISTIC SOCIETY. OUR ORGANIZATIONAL MISSION IS TO ELIMINATE RACIAL DISCRIMINATION AND SEGREGATION, AND TO WORK FOR THE ACHIEVEMENT OF EQUAL OPPORTUNITY AND PARITY FOR BLACKS AND OTHER MINORITIES IN EVERY PHASE OF AMERICAN LIFE.

THE CHICAGO URBAN LEAGUE HAS A DEEP INTEREST IN THE AMENDMENTS AND RELATED PROPOSALS CONCERNING THE JOB TRAINING PARTNERSHIP ACT. PROGRAMS FUNDED BY THE JOB TRAINING PARTNERSHIP ACT PROVIDE THE ONLY MAJOR SOURCE OF FREE EMPLOYMENT TRAINING FOR JOBLESS, LOW-INCOME RESIDENTS OF ILLINOIS. AT A TIME WHEN OUR REGION IS EXPERIENCING A COMBINATION OF SUBSTANTIAL ECONOMIC EXPANSION AND SEVERE LONG-TERM JOBLESSNESS AND POVERTY, THIS IS AN EXTREMELY IMPORTANT ISSUE.

THE CHICAGO URBAN LEAGUE STRONGLY ENDORSES THIS EXTENSION OF THE JOB TRAINING PARTNERSHIP ACT. ADDITIONALLY, WE ARE PARTICULARLY ENCOURAGED BY AMENDMENTS WHICH WILL INCREASE THE NUMBER OF DISADVANTAGED ADULT AND YOUTH PARTICIPANTS IN JTPA PROGRAMS AND ALSO PROVIDE GREATER BASIC SKILLS AND COMPETENCY TRAINING FOR PARTICIPANTS.

A RECENT STUDY OF THE ILLINOIS JTPA PROGRAM BY THE CHICAGO URBAN LEAGUE RESEARCH AND PLANNING DEPARTMENT FOUND A GROWING CONCERN AMONG JTPA PERSONNEL AT ALL LEVELS OVER THE QUALITY OF TRAINING OFFERED IN THE PROGRAM. THE CONCERN WAS SPARKED BY LOW JOB RETENTION RATES AMONG JTPA PARTICIPANTS PLACED IN EMPLOYMENT, AND BY PUBLIC CRITICISMS OF JTPA FOR CONCENTRATING ITS RESOURCES ON RELATIVELY SUPERFICIAL TRAINING OF LESS DISADVANTAGED WORKERS.

ACCORDING TO OUR RESEARCH STUDY, ALMOST HALF OF ALL JTPA PARTICIPANTS IN THE STATE ARE NOW BELOW 22 YEARS OF

AGE. YOUTH MAKE UP 57 PERCENT OF ALL THE PARTICIPANTS SERVED IN THE CITY OF CHICAGO. RESEARCH SHOWS THAT THE MOST POSITIVE LONG-TERM EFFECTS OF JOB TRAINING PROGRAMS COME WHEN THEY GIVE YOUNG WORKERS THE SKILLS THEY NEED TO COMPETE IN THE JOB MARKET. THE BEST DOCUMENTED POSITIVE EFFECTS, FOR EXAMPLE, WERE FOUND BY A NATIONAL ACADEMY OF SCIENCES STUDY OF THE JOB CORPS, AN EXPENSIVE AND INTENSIVE LONG-TERM TRAINING PROGRAM FOR SEVERELY DISADVANTAGE YOUTH.

THERE IS A NEED TO CREATE STRONGER INCENTIVES IN THE JTPA PROGRAM TO PROVIDE LONG-TERM TRAINING AND BASIC SKILLS TRAINING TO HIGH SCHOOL DROPOUTS AND PEOPLE WITH LIMITED ENGLISH SKILLS. THE MAJORITY OF PARTICIPANTS IN METROPOLITAN CHICAGO JTPA CONTINUE TO BE CONCENTRATED IN SHORT-TERM OCCUPATIONAL TRAINING THAT PRIMARILY LEADS TO LOW-WAGE SERVICE AND CLERICAL JOBS. ACADEMIC TRAINING IS MINIMAL IN THE PROGRAM. INCREASING NUMBERS OF YOUTH ARE BEING PLACED INTO YOUTH COMPETENCY PROGRAMS WHERE THE STANDARDS FOR

"SUCCESS" AND "COMPLETION" ARE NOT RIGOROUSLY OR CONSISTENTLY DEFINED. THE CHICAGO URBAN LEAGUE RECOMMENDS THAT THE JTPA PROGRAM CREATE MORE OPPORTUNITIES FOR LONG-TERM TRAINING AND BASIC SKILLS TRAINING AND THAT CONTINUATION OF SCHOOL BE CONSIDERED A "POSITIVE TERMINATION" REGARDLESS OF AGE.

LOCAL JTPA PROGRAMS SHOULD BE ENCOURAGED TO SIGNIFICANTLY INCREASE THE EMPHASIS ON ACADEMIC TRAINING FOR YOUTH. YOUTH COMPETENCY PROGRAMS SHOULD BE REORIENTED TOWARDS BASIC SKILLS TRAINING.

LOCAL JTPA PROGRAMS SHOULD BE ENCOURAGED TO DEVELOP MORE SKILLS-RELATED CONTENT AND GOALS FOR THEIR YOUTH COMPETENCY PROGRAMS. RATHER THAN EMPHASIZING YOUTH EMPLOYMENT, THE PROGRAM SHOULD BE GEARED TO EDUCATION RETENTION AND ACADEMIC PROGRESS.

LOCAL JTPA PROGRAMS SHOULD BE ENCOURAGED TO DEVELOP GED PROGRAMS IN CONJUNCTION WITH LOCAL HIGH SCHOOLS

AND THE COMMUNITY COLLEGES. RESOURCES FROM ALL THREE SYSTEMS SHOULD BE COMBINED TO MAXIMIZE THE USE OF EDUCATION AND TRAINING MONEY TO PROVIDE A SECOND CHANCE TO THE HIGH SCHOOL DROPOUTS.

TO SERVE THE NEEDY, YOUTH AS WELL AS ADULT, THERE IS A NEED TO PLACE GREATER EMPHASIS IN THE JTPA PROGRAM ON PREPARING PARTICIPANTS FOR MORE SUBSTANTIVE HIGHER-PAYING JOBS. ACCORDING TO JTPA'S OWN SURVEY IN ILLINOIS, THE STATEWIDE AVERAGE EARNING OF JTPA PLACEMENTS IS $202 PER WEEK, WHICH TRANSLATES TO AN ANNUAL INCOME OF $10,504. THIS IS BELOW THE FEDERAL POVERTY LINE FOR A FAMILY OF FOUR -- $11,611. THE NORTHERN COOK COUNTY JTPA PROGRAM, WHICH IS CLASSIFIED AS A "FULL-EMPLOYMENT" AREA, REPORTED AVERAGE WAGES FOR JTPA PLACEMENTS OF ONLY $234 A WEEK OR $12,168 A YEAR -- BARELY ABOVE THE POVERTY LINE. THE CITY OF CHICAGO HAD THE LOWEST WEEKLY WAGES. ITS PARTICIPANTS RECEIVED ONLY $198 PER WEEK.

SINCE ONLY SMALL NUMBERS OF BLACKS AND HISPANICS LIVE IN THE NORTHERN SUBURBS, FEW ARE ABLE TO TAKE ADVANTAGE OF THE TRAINING AND JOB PLACEMENT OPPORTUNITIES THAT EXIST THERE. THE STRUCTURE OF JTPA PROGRAM BOUNDARIES MAKES MATTERS WORSE BY SEPARATING SUBURBAN AREAS OF HIGH ECONOMIC GROWTH FROM THE CENTRAL CITY AREAS OF HIGH UNEMPLOYMENT. THIS ACTION CREATES ADDITIONAL BARRIERS TO ACCESS INTO THE SUBURBAN LABOR MARKET FOR POOR INNER CITY RESIDENTS.

JTPA, TO THE DEGREE POSSIBLE, WOULD BE USED AS A TOOL TO PROMOTE ACCESS TO THE SUBURBAN LABOR MARKET FOR POOR INNER CITY RESIDENTS. JTPA SHOULD DEVELOP AN EXTENSIVE TRANSFER SYSTEM BETWEEN CITY AND SUBURBAN TRAINING PROGRAMS RATHER THAN THE LIMITED COORDINATION THAT EXISTS AT PRESENT. CITY RESIDENTS SHOULD HAVE ACCESS TO ALL SUBURBAN JOB LISTINGS AVAILABLE TO JTPA PARTICIPANTS OUTSIDE THE CITY.

THE CHICAGO URBAN LEAGUE REPORT FOUND IMPORTANT DIFFERENCES AMONG WHITES, BLACKS AND HISPANICS IN THE TYPE OF TRAINING RECEIVED AND IN SUBSEQUENT LABOR MARKET EXPERIENCES UNDER THE AUSPICES OF THE JTPA PROGRAM.

THROUGHOUT THE METROPOLITAN CHICAGO AREA, BLACK JTPA PARTICIPANTS ARE HEAVILY CHANNELED INTO YOUTH COMPETENCY PROGRAMS, ONE OF THE PROGRAMS WITH THE LEAST AMOUNT OF SPECIFIC VOCATIONAL OR BASIC SKILLS TRAINING. BLACK PARTICIPANTS ARE UNDER-REPRESENTED IN THE PRIZED OJT PROGRAMS. THESE TRENDS ARE MOST PRONOUNCED IN THE CITY OF CHICAGO WHERE THE VAST MAJORITY OF BLACKS RECEIVE TRAINING.

THROUGHOUT THE METROPOLITAN REGION, EVEN AFTER RECEIVING THE SAME TYPE OF TRAINING, BLACKS USUALLY HAD THE LOWEST JOB PLACEMENT RATES. BLACKS EXPERIENCE APPARENT DISCRIMINATION BY EMPLOYERS WHO USUALLY HIRE EQUALLY TRAINED WHITES AND HISPANICS RATHER THAN

BLACKS. THE LARGEST RACIAL DIFFERENCES IN JOB PLACEMENT OCCUR IN THE SUBURBAN AREAS, THAT ARE ALSO EXPERIENCING LARGE INCREASES IN THE NUMBER OF JOBS.

THROUGHOUT THE METROPOLITAN REGION BLACKS RECEIVE LOWER WAGES UPON JOB PLACEMENT THAT EITHER WHITES OR HISPANICS.

SOME OF THESE RACIAL DISPARITIES SHOW THE CONTINUED EFFECT OF DISCRIMINATION IN THE PRIVATE LABOR MARKET. BUT A PUBLICLY-FUNDED PROGRAM CANNOT DISCRIMINATE IN PROGRAM REFERRALS NOR CAN IT PASSIVELY ACCEPT DISCRIMINATION BY PARTICIPATING EMPLOYERS. JTPA OFFICIALS NEED TO BE MADE MORE RESPONSIBLE FOR MONITORING AND INVESTIGATING DISCRIMINATORY PRACTICES ON THE PART OF PRIVATE EMPLOYERS.

GEO

LET ME CLOSE BY SUMMARIZING THE MAIN POINTS OF MY PRESENTATION:

JTPA IS A PROGRAM WITH LITTLE CIVIL RIGHTS ENFORCEMENT AND HAS CONSISTENTLY PRODUCED BETTER RESULTS FOR WHITE MEN THAN FOR MINORITIES AND WOMEN.

ADMINISTRATORS SHOULD BE HELD ACCOUNTABLE WHEN THERE ARE SYSTEMATIC DIFFERENCES IN QUALITY AND TYPE OF TRAINING OFFERED BY RACE. EMPLOYER PRACTICES SHOULD BE MONITORED AND EMPLOYERS SHOULD BE HELD ACCOUNTABLE WHEN THERE ARE DIFFERENCES IN HIRING OR PAY BY RACE.

MORE EFFECTIVE OUTREACH TO MINORITY TRAINEES IS NEEDED IN THE MOST RAPIDLY GROWING PARTS OF THE SUBURBAN JOB MARKET.

WITHIN CENTRAL CITIES THE TRAINING PROGRAM NEEDS TO BETTER REFLECT THE EXTRAORDINARY NEEDS OF THE MANY THOUSANDS WHOSE ECONOMIC FUTURES ARE DEVASTATED BY DROPPING OUT OF HIGH SCHOOL, AND THE EXTRAORDINARY NEEDS OF THE VERY LARGE NUMBERS OF OLDER WORKERS

LACKING THE MOST BASIC LABOR FORCE SKILLS. THE JTPA PROGRAM NEEDS TO MOVE FROM PUBLIC RELATIONS SUCCESSES TO REAL ACCOMPLISHMENTS, TO PROVIDE SUBSTANTIVE TRAINING FAIRLY AVAILABLE TO ALL, IN ORDER TO TRANSFORM THE OPPORTUNITIES OF DISADVANTAGED WORKERS OF THE GREATER CHICAGO REGION.

Mr. HAYES. Thank you. I realize, Mr. Compton, that you are pushed for time. I would hope that you could stay just a little while. We may want to raise a few questions with you.

Mr. COMPTON. Sure.

Mr. HAYES. We would like to complete the testimony of this entire panel if we could, so we call on you, Mr. Cobleigh, next.

STATEMENT OF MARSHALL COBLEIGH, CHAIR, STATE JTPA LIAISON GROUP

Mr. COBLEIGH. Thank you, Mr. Chairman. Members of the committee, Senator Simon, I am Marshall Cobleigh, of New Hampshire, and I appreciate the opportunity to testify as chair of the Nation's JTPA liaisons.

We commend Congress in its foresight in establishing the four JTPA guiding principles: They are that legislation must provide for the involvement of the private sector; that the new JTPA legislation will recognize the role of the state in all local programs and end the excessive involvement of the Federal Government; it must be training legislation, not income maintenance program; and it must insist on performance. Those were your bedrocks in the beginning, and we hope they will be, with these new amendments.

At a time when all the Nation's governors and the President agreed that we need flexibility, increased flexibility and more accountability, it is ironic that JTPA, which pioneered this, is now being under attack for both of these categories. The JTPA system is working. Yes, there have been the usual quota of anecdotal horror stories. There are some real problems out there in the field, and they need to be corrected, but the system is performing as it was originally intended.

Remember, JTPA was passed during the economic slowdown of the early '80s. We had high unemployment. The Administration's national goal for JTPA was to put people back to work quickly at an adequate wage, so that they could support themselves. JTPA met those goals.

Now the JTPA critics are saying that we served the easiest to place; we didn't do enough in depth training; and performance based contracting obtained the results, but it was difficult to audit, and sometimes costs were charged to the wrong category. The critics forget that JTPA nationally did put three out of four of its clients to work. If Congress wants to change JTPA goals, I am confident that the system will respond. We urge you, however, do not destroy the mechanism that allowed the system to respond favorably to the original goals.

One of the single greatest concerns of ours is that we are in the process of destroying that tool, fixed unit price contracting, that has been the life blood of JTPA. My own state has what the National media calls a "model policy" to implement the new Federal guidelines. It may be a model policy, but it is a logistic nightmare. We are losing vendors, and we are eliminating the competition we used to have, because the vendors do not want to put up with the increased paper work required by the new rules.

We believe that Congress should look at the facts, and make a decision that fixed unit price contracting is a valuable tool that

should be retained, and should be used more widely, not less widely. We think we should spend less time debating the distinction between administrative and program costs, and more time focusing on program performance. Did we meet the program's goals? Do we effectively train and place our clients? Did we enhance basic skills? Those are the questions that we should be asking, and stressing.

We are happy today, to propose the following amendment, which is the back page of my testimony. It has only been around about three days, and it has already been endorsed by the National Association of Private Industry Councils, as well as the JTPA Liaisons. In essence, it takes your language, Senator Simon, about the public schools and the technical schools, and saying you can have fixed unit contracts in there.

It goes a step further, and says that "Charges for core training may be allocated wholly to the training cost category," if the contract for such service (1) is a fixed unit price; (2) is reasonably priced; (3) has been properly procured; (4) provides that the full payment of the unit price is dependent upon core training completion, which results in either un-subsidized employment, or positive youth outcomes; and it includes a statement of work. We urge that when a public agency is the service provider, we will go along with you, and all contract earnings in excess of the contract expenditures, should be tracked and spent as income.

I would be happy to meet with your staff about the amendment. We are not wed to the words, but we think that it makes a lot of sense, frankly, and we are eager to be accountable for our performance, but there needs to be room for innovation. Exceptional performance should be rewarded. We should want to be judged not by our efforts, not by our intentions, but by our results. Regulatory restriction is the enemy of the bold, and bold action is what we need most of all. Innovation should not be stifled. Extraordinary performance should not become muted by worshipping at the altar of the line item budget, because it is easier to audit. At the same time, the JTPA liaisons agree with Secretary Cavazos, who said "The mix of activities needing targeting in one location will not always be the same as the activities appropriate for targeting in other areas."

In a country as large and diverse as the United States, with many varied urban, rural, and suburban areas, even Solomon could not decide one way that makes complete sense to put targeting in all the diverse, mixed areas of the country. Leave it to the states and locals.

Specifically, we urge that the legislation establish that the Governor, through negotiation and consultation with the PICs and SDA's, designate barriers to employment in the state for purpose of targeting for both youth and adults. That determination would be based on the demographics, and specific needs of the area. DOL would review and approve the designated barriers through review, and approval of the state plan and the PIC plans. We support your strategy to serve older workers not through a targeted set-aside program, but rather by integrating a commitment through the operation of our job training programs. Frankly, despite the hullabaloo in Washington from the same folks who gave you the medicare

premium increase fiasco, we in the states often find that the few elderly clients we can locate, who want to participate in our programs, are really looking for part time job placements, and not for basic skills training, and not for job skills training.

We support elimination of the 3 percent set-aside for older individuals, and the elimination of the 8 percent set-aside for education. The ed ication training partnership must be extended beyond coordinatior and linkage within a single, designated set-aside program into an integrated, multi-agency service delivery structure woven throughout all the agencies, like we have in New Hampshire. That is why we support the Administration's proposal to create a state linkage and coordination program, totalling 5 percent of available resources, and state set-asides at least at the following levels: 5 percent for state admin; 3 percent for capacity building; and 3 percent for incentive grants.

We support, and this is important, not in Illinois, but in other states, a minimum small state administrative allocation, because the reforms in your legislation require fixed costs that all states will incur, whatever their size.

In the Human Investment Council, we are a mixed group. The majority of our states feel strongly that the Human Investment Council makes sense. A minority of our states feel very strongly that they don't want it forced on them. The only point I would make to you is that the big argument against the Human Investment Council, we keep hearing, is that you cannot find a group of board of directors that know the rules and regulations of six or seven programs, and could carry out all the functions. We think that is utter bologna, and if it was a valid argument, how would any multi-national conglomerate every get a board of directors? Boards of directors are to look at policy, not administrative procedures. But if you choose not to mandate a Human Investment Council, we think you at least ought to give the states the option, and encourage its use through incentives.

On the youth question that you asked us to address, we urge you to establish separate youth and adult titles, with the option available to each SDA to establish a separate summer program. Frankly, a number of our pragmatic members support maintaining a separate summer program, because they feel a separate budget line item could result in more funding.

We are also concerned, and I hope that you will take this concern seriously, about the new minimum wage law's impact on the number of summer youth that we can serve with current funding. That is going to be a problem this year, and a lot of people have not thought about it yet.

We support identifying out of school youth as a major target group. However, we believe the states should have the flexibility to deviate from the proposed requirement that 50 percent of the participants be out of school youth, if the local situation does not warrant such targeting. If we have got to have a 50 percent requirement, please make it on dollars spent, not on number of participants. It is also important that we have a reasonable implementation time frame. Thank you. I will be happy to answer questions at the appropriate time.

[The prepared statement of Marshall Cobleigh follows:]

STATEMENT OF

MARSHALL COBLEIGH

FOR THE NATIONAL JTPA LIAISONS GROUP

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES

HEARING ON H.R. 2039,

THE JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

JANUARY 12, 1990

CHICAGO, ILLINOIS

Thank you, Mr. Chairman and members of the Committee. I am Marshall Cobleigh, Executive Director of the New Hampshire Job Training Coordinating Council and I appreciate the opportunity to testify today here in Chicago on behalf of the nation's JTPA Liaisons.

As you know, each of our Nation's Governors appoints a liaison to the U.S. Department of Labor. In most cases they are either the chief policy or administrative person for JTPA and often the Employment Service as well, or a member of the Governor's personal staff. The Liaisons are organized in a national group, and I currently serve as their Chair.

We thank you, Mr. Chairman, for the personal interest you have taken in what we believe is a number one priority of all states in this nation--preparing all Americans for the jobs of the 1990s and the next century. And we applaud the amendments you have proposed to Title II of the Job Training Partnership Act as they will better focus JTPA resources on disadvantaged youth and the chronically unemployed.

On behalf of the JTPA Liaisons, I would stress that flexibility and greater accountability must be the cornerstone of amendments to the Job Training Partnership Act. As you know, JTPA is a critical link in the nation's capacity to educate and make ready for work this country's workers.

In this regard, I will share with you several thoughts on areas of particular importance to us -- improving targeting, establishing a

separate youth and adult title, developing and improving methods for assuring accountability and quality programs (including reforms to performance based contracting which will not result in its elimination), reforming performance standards, and providing Governors with the option to create a Human Investment Council.

Overall, we are pleased that your bill addresses many of the critical areas that we believe can improve the JTPA program, and at the same time maintains the basic principles which guided the creation of the Job Training Partnership Act seven years ago.

BASIC PRINCIPLES

We commend the Congress for its foresight in establishing in 1982 when JTPA was originally enacted the following four guiding principles. We urge that these be maintained as the bedrock for future amendments. The principles established were that:

- "The legislation must provide for the involvement of the private sector in the design and administration for training programs ..."
- "Job training legislation must recognize the true principle of federalism ...The new JTPA legislation will recognize the role of the state in all local programs and end the excessive involvement of the federal government."
- "Job training legislation must be training legislation and not an income maintenance program."
- "Legislation must insist on performance."

We strongly believe that such fundamental precepts as a focus on performance accountability not process, the present state and local partnerships, the policy-making and managerial role of the Governors, and the flexibility for states and local service delivery areas to develop responses that are unique to their local needs are absolutely essential to the continued success of JTPA. We urge you to uphold these legislative principles in the Committee's bill.

FLEXIBILITY TIED TO ACCOUNTABILITY

All of the nation's governors and the President unanimously agreed at the Education Summit that increased state and local flexibility and enhanced accountability must be the cornerstones of reform to our education and training systems. JTPA has pioneered in both of these areas specifically performance standards, fixed unit price performance based contracting, and state and local decision making, with that background it is ironic that the JTPA system now finds these concepts under fire.

Congress has been moving towards the concept of increased local and state flexibility and accountability in other areas as well. The recent enactment of the JOBS program by the Ways and Means Committee and Congress (while it sets up a duplicative, parallel system) utilizes the concepts of performance standards, waivers, and increased flexibility. This Committee in your landmark reforms to the Perkins Act in H.R. 7 courageously eliminated many of the set asides to expand the concept of state and local decision making.

JTPA MET ITS GOALS

I would point out to you that the JTPA system is working. Yes there have been the usual quota of anecdotal horror stories. There are some real problems out there in the field and they need to be corrected, but the system is performing as was originally intended.

I would remind this committee that JTPA was passed during the economic slowdown of the early 80s. We had high unemployment. The Administration's national goal for JTPA was to put people back to work quickly at an adequate wage, so that they could support themselves. By all measures, JTPA met that goal.

Now the JTPA critics are saying that we served the easiest to place, that we did not do enough in depth training, and that while the concept of performance based contracting motivated the private sector to become involved and obtained the results sought, PUPC was difficult to audit in the traditional manner and costs sometimes were charged to the wrong category. The critics forget that JTPA nationally did however put three out of four of its clients to work.

If Congress wants to change the JTPA goals, I am confident that the system will respond again. If Congress wants us to serve the most disadvantaged, if Congress wants us to give more in depth training at a higher unit training cost, we can and will respond.

We urge you, however, not to destroy the mechanism that allowed the system to respond favorably to what we perceived as your

concerns when JTPA was originally enacted. I guess we are saying don't throw the baby out with the bath water.

PERFORMANCE BASED CONTRACTING

One of our greatest concerns about the proposed amendments from the Senate, the House, and the Administration, along with the currently in place guidelines on fixed unit price contracting, is that in an effort to tie down administrative cost factors and simplify auditing we are in the process of destroying a tool (FUPC) that has been the life blood of the JTPA system.

My own state has implemented what the national JTPA media calls model policies for implementing these guidelines. While they may be model policies they are a logistical nightmare and we are losing existing vendors and potential vendors and thus eliminating the very competition that the critics of the system criticize us for not having in the first place.

We oppose the virtual elimination of fixed unit priced contracting. The proposed cost classification requirements will create such disincentives to performance-based contracting as to effectively eliminate its use as a contracting mechanism. We believe that eliminating fixed unit priced contracting will adversely affect the system in a variety of ways including: increasing the focus of the system on process rather than outcomes; disenfranchising the private sector which has viewed performance-based contracting as a major improvement in the employment and training system; increasing administrative costs

for record keeping and monitoring; and depriving the system of a legitimate way to conserve administrative funds needed to operate JTPA effectively.

We believe that the Committee should look at the facts and make a decision that fixed unit price performance based contracting is a valuable tool that should be retained and, in fact, used more widely.

Accountability means a focus on outcomes, i.e. an evaluation of the product, not the process. With that in mind, the Liaisons urge that we spend less time debating the distinction between administrative and program costs, and determining which activities constitute which category of our operation, and more time focussing on program performance. Did we meet the program's goals? Did we effectively train and place our clients? Did we enhance basic skills? At what total cost? In the end, it is outcomes which determine success, and not the percentage of time or money allocated to each aspect of our operation.

With that in mind, we urge your to reconsider your amendment which would effectively eliminate the use of fixed unit price contracting, and thereby effectively erode the feasibility of performance based contracting. We fear that this amendment would adversely affect the system not only by shifting emphasis away from measuring success and toward measuring process, but also by disenfranchising the private sector which has viewed performance based contracting as a major improvement to the employment and training system.

PROPOSED AMENDMENT

We propose the following amendment which will, we believe, assure more accountability and better performance based contracting. This proposal will fix the problem without throwing away what has been, in many parts of the country, a very effective practice. Specifically we propose to establish that:

- Tuition charges for training and education provided by a higher education or post-secondary institution which are not more than the charges for such training or education made available to the general public do not require a breakdown of cost components.

- Charges for core training may be allocated wholly to the training cost category if the contract for such service (1) is for a fixed unit price, (2) is reasonably priced, (3) has been properly procured, (4) provides that full payment of the unit price is dependent upon core training completion which results in either unsubsidized employment or a positive youth outcome; (5) includes a statement of work.

- When a public agency is the service provider, all contract earnings in excess of contract expenditures shall be tracked and spent as program income.

- The Secretary of Labor shall promulgate regulations containing requirements, definitions, and guidance deemed necessary to ensure an adequate level of accountability in the administration of fixed unit price, performance-based

contracts.

- "Core training" shall be defined as "training whose primary purposed is to teach occupational skills or to teach basic skills or to achieve a positive youth outcome or any combination of the above."

A copy of our proposed amendment is attached to my testimony, and we would be pleased to meet with you or your staff to discuss it at a later date.

As Governor Clinton has said, "the overriding objective is to develop an ambitious and realistic set up for performance goals that allows us to plan effectively and set priorities."

We are eager to be accountable for our performance, but there must to be room for innovation. Exceptional performance should be rewarded. We want to be judged not by our efforts, not by our intentions, but by our results. Regulatory restriction is the enemy of the bold and bold action is what we need most of all. Innovation should not be stifled, extraordinary performance should not become muted by worshipping at the altar of the line item budget, because it is easier to audit. Take away the effective use of fixed unit price contracting and there is a real danger that the private sector will become disillusioned and we will return to the world where all decisions are made at the federal level and compliance with process will once again rule over performance.

GREATER ACCOUNTABILITY: THE NEED FOR IMPROVED TARGETING WHICH ALLOWS FOR FLEXIBILITY

The Liaisons commend your efforts to more specifically target JTPA programs to our most needy, most at-risk, citizens. We support amendments which would require that participants experience barriers to employment beyond being economically disadvantaged. We agree that we must work to ensure that individuals lacking in the basic skills, with a history of long term dependency on public assistance, or with limited or troubled work histories must be a priority of this program.

At the same time, the Liaisons agree with Secretary Cavazos who recently urged that the commitment to targeting not constrain state and local administrators' ability to fashion and support activities responsive to local needs. He stated, "...Quite simply, the mix of activities needing targeting in one location will not always be the same as the activities appropriate for targeting in other areas." The nature of the at-risk or chronically unemployed population in Harding County, South Dakota may be very different from that in Los Angeles, California or Rutland County, Vermont.

In a country as large and diverse as the United States with many varied urban, rural and suburban areas every Solomon could not decide one way to solve these targeting problems that makes complete sense in all the diverse mixed areas of our country.

The Liaisons suggest that there are a number of ways to improve

program quality and accountability, starting with the kind of positive reforms you have proposed to the program itself.

PROPOSAL ON TARGETING

Specifically, we urge that the legislation establish that the Governor, through negotiation and consultation with the PICs and SDA's, designate barriers to employment in the state for the purpose of targeting for both youth and adults. The determination would be based on the demographics and specific needs of the area. DOL would review and approve the designated barriers through its review and approval of the state plan. Governors should be accountable to Congress and the federal government for any adaptations they make to address the needs of their jobless citizens, which may not characterize their state's population.

It is critical that the legislation be extremely clear on the need to target individuals with multiple barriers, but at the same time not be so prescriptive that it prohibits Governors, SDA's, and PIC's from crafting solutions which accommodate the circumstances facing their state, or a particular SDA within the state.

SPECIAL POPULATIONS

In the area of how best to serve special populations, I would point out that we agree with your Committee's Report 101-41 on the Applied Technology Education Amendments of 1988 (H.R. 7), where you say "unfortunately, the use of set asides has not always led to the desired results. These set asides have resulted in:

(a) extremely small grant awards which, in turn, provide for marginal services;

(b) complaints from recipients that documenting compliance is largely a tedious bookkeeping exercise; and

(c) the failure to direct greater resources to districts with highest poverty rates."

Your report goes on to say, "the Committee is discouraged that the mechanism of the set asides has not been more successful and if these mechanisms are not working as we had hoped, we must have the courage and the imagination to look for new, more effective ways to meet these equity goals."

OLDER WORKERS

We support your strategy to serve older workers not through a targeted set-aside program, but rather by integrating a commitment throughout the operation of our job training programs. Frankly despite the hullabaloo in Washington from the same folks who gave you the medicare premium increase fiasco, we in the states often find that the few elderly clients we can locate despite extensive efforts are really looking for part time job placements, not basic skills training or jobs skill training.

OUR RECOMMENDATION ON SET-ASIDES

Mr. Chairman, we have a recommendation for your Committee in this area as well.

In place of the individual setasides, we propose that each state -

- in its state plan thoroughly assess the needs of each of the special groups, determine the extent to which each group would be served with either federal or non-federal funds, or a combination of the two, and ensure that funds are targeted according to the relative severity of needs.

We believe that the needs of the special populations are more likely to be met through a thorough and open planning process than through the operation of rigid and inflexible setasides.

Quite simply the mix of activities needing federal support in one location will not always be the same as the activities appropriate for support in other communities.

Set asides have often become not only a floor, but a ceiling. In many of these targeted areas we need to serve more people, not limit how many will be served by putting in a floor that really becomes a ceiling.

We believe that the needs of special populations can best be met through the state and local planning process. The current state set-asides are too restrictive and do not provide sufficient resources for capacity building, research and demonstration, evaluation, technology transfer and follow-up. To remedy this situation, we support elimination of the 3% set-aside for older individual programs, and the 8% set-aside for education.

We support the Administration's proposal to create a State Linkage and Coordination Program at the national level totalling 5% of available resources under Titles II-A and II-B under the Act; and

state set-asides at least at the following levels: 5% for state administration; 3% for capacity building, and 3% for incentive grants.

Minimum Small State Allocation. We support a minimum small state allocation which meets the threshold of funding required to carry out the requirements of the law. Specifically, we recommend that a minimum allocation of $600,000 be established as the state set-aside for administration. Experience has shown that 5% of the Title II-A allotment is insufficient for small states to meet their basic administrative responsibilities including audits, oversight activities, support of the state council, and other essential administrative activities. The recommended $600,000 minimum allocation will support the required basic administrative activities and provide a consistent amount that the states can rely upon for long range planning and permanent staffing requirements. Much of the capacity building these reforms require involve fixed costs that states will incur whatever their size or whatever the number of participants that they will serve under the program.

COORDINATION

We support the emphasis on serving individuals with multiple barriers, the focus on the attainment of education and basic skills increasingly necessary in the workforce, and the importance the reforms place on establishing comprehensive state-wide strategies in cooperation with education programs. The education-training partnership must be extended beyond coordination and

linkage within a single designated set-aside program, into an integrated multi agency service delivery structure woven throughout the system like we have in New Hampshire.

In addition, so that each SDA and each state do not have to progress along the learning curve separately and so that the country, as a whole, benefits from lessons learned in a single site, we urge you to invest in research and development, technical assistance, and capacity building at the national, state, and local level. Specifically, the Liaisons support grants for Replication of Model Programs (so long as the central titles are level funded plus an increase for inflation), as well as a 5 percent set-aside for capacity building.

HUMAN INVESTMENT COUNCIL

Although you have not addressed the issue of the State Human Investment Council in H.R. 2039, I would imagine that the amendments proposed in the Perkins Reauthorization may foreshadow your plans in this area for the JTPA bill as well.

The Liaisons commend Congress' commitment to ensuring that states more effectively coordinate employment, training, and education programs.

Because the JTPA Liaisons are a national organization with diverse membership, there are a few areas where a majority of the states support a given position on the proposed amendments but there is a strong dissenting viewpoint as well.

A majority of our states support the concept of a Human Investment Council as described in the Administration's proposed JTPA amendments. We believe that it is important for Congress to recognize the importance of coordination and to provide Governors the opportunity to integrate the planning and oversight of JTPA and other human investment programs as appropriate within their states.

Other states feel strongly, however, that they are not ready to have the Human Investment Council concept forced upon them and that for a variety of reasons it might well be unworkable in their state.

Coming as I do from the private and political sectors, let me make one other point. One of the biggest arguments against the Human Investment Council we've heard so far, in essence says, that they could not find a council membership with enough background to understand the ramifications, regulations, rules and laws of 5, 6, or 7 different federal programs. If that argument were valid, multi-national conglomerates could never find a board of directors qualified to run their diverse operations.

I would suggest to you that the role of a council should be similar to the role of a Board of Directors in the private sector. They don't do the day to day administration of the program. They're responsibilities are to set broad policy guidelines and to help solve problem areas by bringing to the table a fresh outside viewpoint.

Our organization did reach consensus, however, that the word "shall" be replaced with "may" with regard to the establishment of a State Human Resource Investment Council.

It is important for you to recognize the importance of coordination and to provide Governors the opportunity to integrate the planning and oversight of JTPA and other human investment programs, as appropriate within their states. In some states a single council would be the optimal way to achieve coordination; in others it may not be. Rather than mandating all states to fuse their Councils, we urge you to at least establish it as an option, and encourage its use through incentives.

Federal Level Coordination. We recommend that the final JTPA amendments provide for better federal level coordination whether that be through a joint oversight committee composed of the Secretaries of Labor, Education, and Health and Human Services or some other mechanism.

Performance Standards. The members oppose the amount of prescription that is being incorporated in JTPA. We are concerned about the administrative expense cost of expanding the MIS to capture necessary data on basic skill acquisition for performance standardt purposes. We are also concerned about the reliability and cost of the testing that would be required.

MODIFICATIONS TO EXISTING PERFORMANCE STANDARDS

The Liaisons support modifications to existing performance standards to reflect the greater focus on service to individuals

with multiple barriers to employment. We consider it a critical acknowledgment of the multi-step process that you have added the attainment of basic or employability enhancement skills to the factors which will measure youth performance.

At the same time, it is imperative to keep in mind that changing the emphasis of JTPA will mean it will take longer and will involve a greater investment to achieve similar results with a more difficult population. How long and how difficult a job the JTPA system will have will depending on the precise standards the Department of Labor develops.

Because your bill does and should open those standards, it is difficult to estimate just what the changes will mean. The Liaisons encourage you not to legislate that the Secretary develop separate performance standards for the hard-to-serve, which might inadvertently lower expectations for different segments of our population. We believe that the current performance management systems and incentives, including the state role in administering incentive policy, offers sufficient opportunities for Governors to target and reward services to hard to serve clients. In general, the Liaisons urge that the standards be as pragmatic and realistic as possible. Whatever the precise standards developed by the Secretary, because the program will be working with a more disadvantaged, lesser skilled population, inevitably the cost of achieving success will increase. It will be very important that the Administration and Congress maintain a sustained commitment to appropriating sufficient funds to effectively tackle the kind of

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comprehensive training programs embodied in these amendments. Obviously, it would be counter-productive if these amendments were to result in our having to reduce our levels of service.

Allocation Formula. We support changing the funding formula to more accurately reflect the number of economically disadvantaged individuals in a given area; however, we are also concerned about the validity of the data available on the number of economically disadvantaged at the state and local levels. It is critical that the states be allowed to used local data that can be updated yearly so that allocations do no have to be made on census data that is collected only once every ten years.

The Liaisons strongly urge that we more effectively use JTPA's planning and review process, in combination with legislation with clear though not inflexible directives, to assure the program's accountability.

YOUTH PROGRAMS

The Liaisons agree that it is imperative that the youth program target those most at-risk. However, it is also important that the amendments acknowledge that what comprises "most at risk" varies around the country and even within any single state. Some areas do not have as severe a drop-out problem as others, and yet may still have a significant number of individuals who are economically disadvantaged and lack sufficient skills to obtain and retain a job.

There are a number of factors that may contribute to an individual

being at risk, including but not limited to not having completed high school. For that reason determination of at-risk youth should be done through the PIC and GCSSP planning process and require Governors and Secretary approval as suggested in our targeting and special population sections.

The Liaisons support efforts to create a distinct youth and adult title. By creating a separate youth title, targeted to out-of-school or in school at-risk youth, you acknowledge that youth require a unique package of solutions, one that is highly coordinated with our education system. We urge you to establish a separate youth and adult title, with the option available to each SDA to establish a separate summer program. Frankly, a number of our more pragmatic members support maintaining a separate summer program because a separate budget line item could result in more funding.

In regard to services to out-of-school youth, we support identifying out-of-school youth as a major target group; however, we believe that states should have the flexibility to deviate from the proposed requirement that 50% of the participants be out-of-school youth if the local situation does not warrant such targeting. For instance, a lower percentage might be appropriate in communities where the dropout rate is very low. If we must have a 50% requirement make it on dollars spent, not number of participants. We are also concerned that such targeting may have an adverse affect on the ability of JTPA to serve other significant target groups.

I should mention as well that the Liaisons support the Fair Chance Employment and Training Challenge Grant program or the Youth Opportunities Unlimited Program in the Administration's bill, provided that funding for the selected demonstration programs is provided and administered through the state to the SDA/PICs, and that funding occurs only after Title II-A and II-B are level funded with an adjustment for inflation. Under no circumstances will we support direct national funding to SDAs/PICs which by-passes the Governor and his oversight of the programs. Given the legislation's focus on accountability and coordination, it would seem counter-productive for individual SDAs to be developing programs which may not be fully reconciled with the Governor's priorities.

TECHNICAL AMENDMENT

We recommend that the adjective "local" be replaced with the word "appropriate" wherever it appears in the legislative draft, such as the "local" education agencies or "local" welfare agencies. This change is for the benefit of single-SDA states that, for example, cannot possibly enter into agreements with all local agencies, but will develop agreements with the appropriate agencies.

IMPLEMENTATION PROBLEMS

The Liaisons are deeply committed to adapting our job training systems to the changes brought about by these amendments. At the same time, we caution that the response may be more wrenching to

the system than some might expect. It will be imperative that the federal government, states and SDAs are provided with sufficient funds to refine our operations, build their capacity, and provide ample and timely technical assistance. Moreover, it is important that we develop a reasonable implementation time-frame. Some changes may be accommodated immediately; others will require capacity which will take more time to build.

I speak on behalf of the Liaisons when I thank you again for your leadership in helping the JTPA system evolve into a programs which can more effectively address the demands of our current labor market and the critical needs of our workers.

At the appropriate time, I would be happy to try to answer any of your questions.

Amendment SB543 To Clarify The Use of Fixed Unit Price Contracts

Section 141(d)(3) would be amended to read:

(A) Commercially available training packages, including advanced learning technology, may be purchased for off-the-shelf prices and without requiring a break-down of the cost components of the package if such packages are purchased competitively and include performance criteria.

[Note: Paragraph 141(d)(3)(A) is identical to current JTPA language.]

(B) Tuition charges for training and education provided by an institution of higher education or post-secondary institution which are not more than the changes for such training or education made available to the general public do not require a breakdown of cost components.

[Note: Paragraph 141(d)(3)(B) amends the JTPA and is already in SB543.]

(C) Charges for core training may be allocated wholly to the training cost category when the contract for such services (i) is for a fixed unit price; (ii) is reasonably priced; (iii) has been properly procured; (iv) provides that full payment of the unit price is dependent upon core training completion which results in either unsubsidized employment or a positive youth outcome; (v) includes a statement of work and, (vi) when a public agency is the service provides, all contract earnings in excess of contract

expenditures shall be tracked and spent as program income in accordance with 20 C.F. R. §629.32.

[Note: Paragraph 141(d)(3)(C) and (D) would be added to SB543.]

(D) The Secretary shall promulgate regulations containing requirements, definitions, and guidance deemed necessary to ensure an adequate level of accountability in the administration of fixed unit price, performance-based contracts written under section 141(d)(3)(C).

The following language is to be added to Section 4 of the JTPA, which contains definitions.

(36) The term "core training" includes training whose primary purpose is to teach occupational skills or to teach basic skills or to achieve a positive youth outcome, or any combination of the above.

[Note: SB543 at Section 104 already amends JTPA Section 4 by adding numerous paragraphs at the end of the definitions section. The "core training" definition would become paragraph (36), last in the series of JTPA definitions. In terms of format, I suggest that SB543 be revised to put all JTPA definitions back in alphabetical order, making the core training paragraph "(7)" and renumbering all subsequent paragraphs including SB543 definitions of "displaced homemaker", "family", "long term recipient", "educational agency", "school dropout", "JOBS", and "hard-to-serve individual."]

Mr. HAYES. Thank you very much for your testimony. Mr. Pierce.

STATEMENT OF DAVID R. PIERCE, EXECUTIVE DIRECTOR, ILLINOIS COMMUNITY COLLEGE BOARD, REPRESENTING THE AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES

Mr. PIERCE. Congressman Hayes, Congressman Hayes, Congressman Hawkins, and Senator Simon, it is indeed my pleasure to be here this morning, and I do appreciate very much this opportunity.

I am David Pierce, the Executive Director of the Illinois Community College Board, and a member of the board of the American Association of Community and Junior Colleges.

And it is on behalf of that association, and the community colleges in Illinois and across the Nation, that I thank you for providing this opportunity to express our views, as you deliberate proposed amendments to the Job Training Partnership Act. We commend you for your efforts to fine tune the Act, and ensure that it continues as a program that meets the training needs of our Nation's youth and adults.

In Illinois, and elsewhere throughout the Nation, we are vitally interested in these and other considerations concerning the Act, most especially in the four areas of improved targeting of individuals, separation of adult and youth programs, improvement of program quality and accountability, and improved performance standards. Each of these issues, we believe, has a direct relationship with a fifth, critical issue currently under discussion, the 8 percent set aside program for state education agencies.

In Illinois and elsewhere throughout the Nation, these 8 percent funds have a history of helping to build and maintain linkages between community colleges and a variety of agencies that serve youth and adult populations who do not possess, and are not acquiring the basic education and skills training necessary for leading productive and economically self-sufficient lives. Proposed amendments to the Job Training Partnership Act, as well as the Perkins Act, provide for more targeting of resources and the achievement of specific learning and placement outcomes, through the coordination of education and training services for eligible participants.

While we support increased targeting of funds and services, we must be cautious that such targeting is not so stringent that it eliminates the necessary flexibility to address specific training needs at the local level. Because of current program flexibility in the JTPA 8 percent programs, the State of Illinois is able to support, or develop, creative pilot projects that address the diverse needs of hard to serve populations, by providing specialized education, training, and support services.

Due to the limited resources available to meet our Nation's education and training needs, new methods must be identified for getting the maximum benefit from existing resources. One such method is by means of 8 percent funds, which are often used to leverage other funds by filling administrative, training, and support service voids in a variety of job training programs, and by coordinating and combining the strengths of various programs and agen-

cies. An example of this resource coordination is at the City Colleges of Chicago, where 8 percent funds are used to leverage additional state and local resources to assist economically disadvantaged residents of Chicago to prepare not only for entry level jobs, but also for long term career development. The Career Access Center provides specialized assessment, career planning, and pre-employment and basic skills training, following which participants are enrolled in vocational training programs offered by the City Colleges of Chicago, or are referred to alternative training funded through the Mayor's Office of Employment and Training. With this combination of funding sources, the ability of the city colleges, and the Mayor's office to provide services, is substantially increased.

The use of 8 percent funds in Illinois, for example, has resulted for the fifth consecutive year in non financial cooperative agreements between the state education agencies, including the Community College Board and the Illinois State Board of Education, and every service delivery area in the state. As a result of agreements such as these, there are many examples of programs across the state where the cooperation has resulted in enhanced opportunity and training. These are just a few examples of the cooperative efforts taking place in Illinois because of the current 8 percent set aside. This program ensures that the state's community colleges, vocational education and adult education systems are meaningfully involved in the coordination of job training programs between the service delivery areas, and the Department of Commerce and Community Affairs, the state agency responsible for administering the JTPA. Because of this positive impact on coordination, the Illinois Job Training Coordinating Council has endorsed the retention of the 8 percent program.

Another key component in the success of the Job Training Partnership Act is, we believe, the integral involvement of state education agencies in statewide coordination and administration. Eight percent funds enable state education agencies to foster coordination of the employment training services of the numerous service delivery areas, community and technical colleges, and secondary schools. For instance, the Illinois State Board of Education staff, provide information and technical assistance to adult education centers, vocational centers, and secondary vocational education programs, thus enabling these delivery systems to provide needed programs and services for JTPA clients.

In summary, we support the concept of targeting Job Training Partnership Act funds to those individuals most in need of services, yet, we urge the inclusion of sufficient flexibility to allow providers to address locally identified needs. In addition, we believe the ability to leverage other available resources should be maintained in the Act. We feel the amendments should address quality outcomes, as well as performance standards. We also applaud the efforts of a year round youth program, but urge continuation of the successful summer youth initiative. Finally, we express our strong support for a continuation of the 8 percent program, which has enhanced coordination among all service providers, and ensured the inclusion of state education agencies as partners in the delivery of JTPA programs and services. Thank you.

[The prepared statement of David R. Pierce follows:]

JOB TRAINING PARTNERSHIP ACT:

1990 AMENDMENTS

Testimony Presented to the

Committee on Education and Labor

January 12, 1990

Chicago, Illinois

David R. Pierce
Executive Director
Illinois Community College Board

Member of the Board
American Association of Community and Junior Colleges

Chairman Hawkins and members of the Committee on Education and Labor:

On behalf of the American Association of Community and Junior Colleges and the fifty public community colleges in Illinois, I thank you for providing this opportunity to express our views as you deliberate proposed amendments to the Job Training Partnership Act. We commend you for your efforts to fine-tune the Act to ensure that it continues as a program that meets the training needs of our nation's youth and adults in the most efficient and effective way possible.

We are vitally interested in these and other considerations concerning the Act, most especially in the four issue areas of improved targeting of individuals, separation of adult and youth programs, improvement of program quality and accountability, and improved performance standards. Each of these issues, we believe, has a direct relationship with a fifth critical issue currently under discussion: the eight percent setaside program for state education agencies.

In Illinois and elsewhere throughout the nation, these eight percent funds have a history of helping to build and maintain linkages between community colleges and a variety of agencies that serve youth and adult populations who do not possess and are not acquiring the basic education and skills training necessary for leading productive and economically self-sufficient lives. One of the greatest challenges facing the education system and other JTPA training providers is to improve the skills of low-achieving individuals whose backgrounds include substandard income levels and public assistance dependency, as well as poor basic education backgrounds.

That challenge can be met, in part, by improved targeting of JTPA resources to at-risk populations as a means of reducing unacceptably high secondary school dropout rates or of reducing the rate of employee failure in the workplace. Proposed amendments to the Job Training Partnership Act, as well as the Perkins Act, provide for more targeting of resources and the achievement of specific learning and placement outcomes through the coordination of education and training services for eligible participants.

While we support increased targeting of funds and services, we must be cautious that such targeting is not so stringent that it eliminates the necessary flexibility to address specific training needs at the local level. Eight percent funds, in collaboration with local job training agencies, are currently used to coordinate locally identified services in order to provide unique and innovative programs for displaced homemakers, single parents, persons with disabilities, minorities, welfare recipients, and criminal offenders, to name only a few.

Because of current program flexibility in the JTPA eight percent programs, the State of Illinois is able to support or develop creative pilot projects that address the diverse needs of hard-to-serve populations by providing specialized education, training, and support services. Rock Valley College, for instance, developed the "Health Care Plus" program that integrates academic skill building with vocational training to prepare public assistance-dependent individuals for employment in entry-level positions in the health care field. In its first two years of operation, the project has maintained a job placement rate in excess of 70 percent. In addition, participants who wish to further their education are encouraged to do so by combining employment and education.

Another example of a program developed with eight percent funds to meet locally identified needs is the College of Lake County's "High Technology Intensive Training Pilot" for welfare recipients. The project used a competency based curriculum for micro-computer software applications focusing on word processing, as well as database and spreadsheet management. Additional enhancement courses, such as typing and business English, were offered with the use of microcomputers. This project maintained a job placement rate of 60 percent and was eventually integrated into the college's regular course offerings.

These examples illustrate that eight percent funds are extremely effective. Not only do they foster coordination between JTPA programs and the community college system, but they are effective in targeting hard-to-serve individuals, achieving high job placement rates, and providing a broad range of training ranging from basic education to technical instruction in high technology fields. They also provide training for occupations that offer long-term career opportunities, establish model programs that can become integrated into regular community college or local JTPA programs, and leverage resources.

One barrier to the ability to meet the challenges facing our nation is that resources available to address the problems associated with education and training are limited. As a consequence, businesses are often limited by workers who lack the basic skills necessary either to function adequately on the job or to learn new technical skills to keep up with the changing technology in their jobs. Because of these problems, there must be inter-organizational linkages at the state level for better articulation, better service delivery, efficiency in the use of state resources, and shared

state-level policy planning. At the same time, we must constantly search for ways to improve the quality of programs and services and ensure accountability.

Because of the Act's performance standards, the JTPA system is performance-oriented; however, some reports allege that JTPA administrators are preoccupied with performance standards (such as job placements, cost per client, and cost per placement) to the extent that they may have neglected attention to other outcomes that measure quality of service to the participant. In its report entitled Innovation Versus Turf: Coordination Between Vocational Education and Job Training Partnership Act Programs, the National Center for Research in Vocational Education concludes that, "JTPA administrators are highly aware of performance as measured by performance standards; but there is little information in the system about other outcome measures - for example, the ability of clients to move into longer term training programs, or into conventional postsecondary education; the effectiveness of certain service providers over others; the long-term effects of different kinds of JTPA services for specific groups of clients; the advantages and disadvantages of long-term versus short-term training." Also, the Illinois Job Training Coordinating Council has been studying the quality of JTPA services in an effort to measure outcomes related to quality in addition to current performance standards. AACJC applauds the efforts currently under consideration in the House of Representatives, such as HR 3266, to require measures to ensure accountability for JTPA programs.

Due to the limited resources available to meet our nation's education and training needs, new methods must be identified for getting the maximum benefit from existing resources. One such method is by means of eight percent funds, which are often used to leverage other funds by filling administrative,

training, and support services voids in a variety of job training programs and by coordinating and combining the strengths of various programs and agencies. An example of this resource coordination is at the City Colleges of Chicago where eight percent funds are used to leverage additional state and local resources to assist economically disadvantaged residents of Chicago to prepare not only for entry-level jobs, but also for long-term career development. The Career Access Center provides specialized assessment, career planning, and pre-employment and basic skills training, following which participants are enrolled in vocational training programs offered by the City Colleges of Chicago or are referred to alternative training funded through the Mayor's Office of Employment and Training. With this combination of funding sources, the ability of the City Colleges and the Mayor's Office to provide services is maximized.

The use of eight percent funds has stimulated resource coordination by funding joint activities and innovative programs which otherwise could not exist. Kankakee Community College, for instance, leverages public assistance, adult education, and eight percent funds to provide a Job-Seeking Skills Development Program for welfare recipients. The combination of these various funds allows these resources to serve more people than they could individually. Upon completion of the program, participants are referred to either the service delivery area or other employment services for additional training and/or job placement.

Coordination and effective collaboration is another area of concern in the Job Training Partnership Act. The JTPA Advisory Committee's report entitled Working Capital: Coordinated Human Investment Directions for the 90s points out that the state must "provide...resources and oversight to leverage more

collaborative activity at the local level, and to generate useful knowledge about those activities that can assist the local development and implementation process." The report further concludes, "We must work to establish the resources, incentives, and means by which collaboration between JTPA and education to promote workforce development becomes an ordinary way of doing business." Eight percent funds help foster and solidify this much needed collaboration.

The use of eight percent funds in Illinois, for instance, has resulted for the fifth consecutive year in non-financial cooperative agreements between the state education agencies (Illinois Community College Board and the Illinois State Board of Education) and every service delivery area in the State. As a result of agreements such as these, Belleville Area College designed a project using eight percent funds to raise the reading and math levels of JTPA clients who have failed entry tests for vocational training programs. These clients attend individualized computer lab classes daily until their skill levels are enhanced and then return to the local service delivery area for their planned vocational training.

Another example of such collaborative efforts is found at Lake Land College which uses eight percent funds to provide an on-campus counselor to support the needs of JTPA clients from surrounding service delivery areas. The on-campus counselor provides the personalized attention these students need to experience a sense of individual interest in their programs and their ability to succeed. This individual attention provides motivation for increased retention, program completion, and employability development. The counselor also serves as a liaison between the service delivery areas and Lake Land College to monitor individual participant progress and assist JTPA clients who

are experiencing special problems related to academics, attendance, retention, college regulations, employment seeking, or other informational and administrative concerns.

These are just a few examples of the cooperative efforts taking place in Illinois because of the current eight percent setaside. This program ensures that the State's community colleges, vocational education and adult education systems are meaningfully involved in the coordination of job training programs between the service delivery areas and the state agency responsible for administering JTPA. This coordination at the state-level has greatly enhanced the coordination between service delivery areas and local education program providers. Because of this positive impact on coordination, in addition to other benefits, the Illinois Job Training Coordinating Council has endorsed the retention of the eight percent programs.

Another area of consideration concerning the Job Training Partnership Act is a proposed year-round youth program. While we support the proposals for a separate, year-round youth title, we feel the current summer youth programs should not be sacrificed for the benefit of year-round programs. Also, separate performance measures should be developed for youth that include the acquisition of work related competencies and school completion. Further, adult performance measures should be changed to require the attainment of basic education, GED completion, and employability enhancement skills in addition to job placement standards.

Another key component in the success of the Job Training Partnership Act is, we believe, the integral involvement of state education agencies in statewide coordination and administration. Eight percent funds enable state education

agencies to foster coordination of the employment training services of the numerous service delivery areas, community and technical colleges, and secondary schools. For instance, the Illinois State Board of Education staff, because of the availability of eight percent funds, provide information and technical assistance to adult education centers, vocational centers, and secondary vocational education programs, thus enabling these delivery systems to provide needed programs and services for JTPA clients.

Illinois State Board of Education staff also use eight percent funds to concentrate on youth programs, such as the Early School Leaver Program that targets high school dropouts; the Illinois Pre-Employment Placement Program that assists at-risk students find employment or postsecondary training before graduating from high school; nd the Work Experience and Career Exploration Program that provides cooperative career-related classroom instruction for potential dropouts. These programs have been successful in bringing dropouts back to school to complete their education and/or to receive remedial services, integrating work maturity/employability skills and career-related information into program curricula.

Because of the availability of JTPA eight percent funds, the Illinois Community College Board staff provide information and technical assistance to service delivery areas and community colleges, thus enabling the colleges to provide programs and services needed by JTPA clients. For example, we provide on-site technical assistance and program monitoring, review, and guidance; we actively participate in local coordination and strategic planning meetings with college administrators and service delivery area staff; and we conduct a variety of training sessions. In essence, eight percent funds provide the

linkage necessary to enable JTPA clients to tap into the vast adult and occupational education resources of the community college system.

The Illinois Community College Board staff also collaborated with other state agencies for the design and funding of projects in the "Special Needs Assistance Program." This program provides funds, on a competitive basis, for the development of model projects that serve JTPA Title II-A eligible special needs populations. The individuals who receive employment training and services include those who are academically disadvantaged or have a disability or who are otherwise difficult to employ. Projects must show evidence of strong linkages and effective coordination/cooperation with appropriate service delivery areas and other agencies that serve special needs populations. Staff from the Illinois Department of Rehabilitation Services, Department of Public Aid, Department of Commerce and Community Affairs (the state JTPA agency), and the State Board of Education have all had active roles in either developing the program, reviewing proposals, or supplying agency support to colleges administering projects.

Because of the availability of eight percent funds, it is clearly evident that state education agencies are able to provide an effective service for the Job Training Partnership Act. We feel the main thrust of any amendments to JTPA should be the coordination of all federal resources. Existing resources should be utilized whenever possible in order to leverage and integrate programs into a more effective working relationship among all levels of organizational and staff involvement. Under the infrastructure developed in the current law, state education agencies have utilized an umbrella approach for comprehensive planning and coordination of JTPA, public aid, vocational

education, adult education, and literacy funds to provide expanded programs and services more effectively and efficiently to clients and employers.

In summary, we support the concept of targeting Job Training Partnership Act funds to those individuals most in need of services, yet we urge the inclusion of sufficient flexibility to allow providers to address locally identified needs. In addition, we believe the ability to leverage other available resources should be maintained in the Act. We feel the amendments should address quality outcomes as well as performance standards. We also applaud the efforts of a year-round youth program but urge continuation of the successful summer youth initiative. Finally, we express our strong support for a continuation of the eight percent program, which has enhanced coordination among all service providers and ensured the inclusion of state education agencies as partners in the delivery of JTPA programs and services.

In closing, the nation's community college system believes that a coordinated human investment strategy will yield tremendous benefits to this country and will enhance the lives of unemployed and employed individuals, families, and employers—and we know that together we can develop a workforce to meet the difficult challenges that lie ahead in a global economy.

Mr. HAYES. Thank you very much. Chairman Hawkins?

Chairman HAWKINS. Let me ask Mr. Pierce, you are suggesting the retention of the 8 percent set aside. That is one of the provisions that several proposals differ on, and that is the reason for focusing in on that particular provision. As I recall, the Administration bill eliminates that 8 percent. You have given us reasons why you think that it should not be eliminated. Let me ask the other two witnesses, what is their position on the 8 percent? Pardon me. Mr. Cobleigh, perhaps you may address that.

Mr. COBLEIGH. Yes. Nationally, about three quarters of the states support the elimination of the 8 percent, and going to the 5 percent linkage. The states that tend to oppose it, tend to be the larger states, where there is a large amount of funding going to those states, and as a result, there is a large vested interest group, if you will, in place. In New Hampshire, for instance, where I come from, we have a 27 agency commission on vocational education—everything from welfare, unemployment, the school superintendents, the school boards, economic development. All doing an integrated, coordinated program. Under the 8 percent, that would never happen, frankly, because you would have education working with JTPA, period. We think, looking at the bigger picture, and having the coordination being multi-agency, we have a system in our state, where if somebody comes into the welfare office, the unemployment office, the voc-rehab office, the JTPA office, they use the same form, they use the same assessment, they use the same referral, and they are all accountable together. That would not happen with strictly an 8 percent program. We would have education and JTPA, and not the big picture, in our opinion.

Chairman HAWKINS. Mr. Compton, do you have a position? Does the Urban League have a position on the 8 percent?

Mr. COMPTON. On the 8 percent?

Chairman HAWKINS. Yes.

Mr. COMPTON. No. We have not really focused so much on that. I think, without having spent a lot of time on that particular provision, that we would favor the continuation of the 8 percent.

Chairman HAWKINS. The thrust of your prepared statement seems to rest on the belief that certain groups are not being served adequately, despite the fact that current law provides that the SDA's would serve the various groups on an equitable, proportional basis. It was for that reason that we leaned in the direction of providing greater targeting, so that you would reach those groups if you targeted, as we propose, in at least the House proposal. And we would tend to give greater recognition to the groups that are in greatest need. Do you think that the House bill successfully reaches that problem that you have spoken about?

Mr. COMPTON. I do believe that the House bill——

Chairman HAWKINS. Or comes closer to doing it?

Mr. COMPTON. I think the House bill comes very close to addressing the specifics.

For example, the 50 percent of participants must be individuals who have reading and math skills below the eighth grade level. Well, all of us here in the City of Chicago know that that is a major impediment, so we commend you on that, and the targeting

for those with a long history of dependence on public assistance and who have limited work history.

All of those provisions in your bill, those amendments that you are suggesting, we believe are right on target, and are consistent with the research that we have done, which I will leave a copy, based upon our own practical experience in administering JTPA programs, as well as studying others in that regard.

So, we do believe that the targeting provisions that you provide in H.R. 2039 are in fact necessary and needed, and based upon the experience of the program, and we commend you for it.

Chairman HAWKINS. Thank you, Mr. Chairman.

Mr. HAYES. Mr. Compton, on page 8 of your testimony, you said "Throughout the metropolitan Chicago area, black JTPA participants are heavily channeled into youth competency programs, one of the programs with the least amount of specific vocational or basic skills training. Black participants are under represented in the prized OJT programs." Could you elaborate on that, just a little?

Mr. COMPTON. Well——

Mr. HAYES. Do you see the part?

Mr. COMPTON. Yes. Our experience, both in the administering the programs that we have, and we have administered the on-the-job-training program, where we think we have seen, and where it has been demonstrated, greater success, greater job retention, over a longer period of time because the participants are getting some specific skills, and attention over a prolonged period of time. In the competency programs, that just has not been our experience. It has not held true. Whatever retention there is, there is short duration, and they don't remain.

Mr. HAYES. You indicated that there is still a big gap between training and placement, is that right?

Mr. COMPTON. That is correct. Right.

Mr. HAYES. And do you see the current proposed revisions in the JTPA program we are now trying to structure, do you see that correcting any of this gap? This is one of the big problems.

Mr. COMPTON. Yes, I do, because you recognized a deficiency based upon the experience over the last several years, and that you are going to address those, at least 50 percent of the participants in the programs, must be for out of school youth. Well, that is a major concern here. In certain areas, the black and Hispanic youth drop out rate is 50 percent, or more. Those are the ones that we have programs addressing their specific kinds of needs, if we are going to make an impact on the situation of joblessness.

Mr. HAYES. You admit, and you say in your statement that JTPA is a program with little civil rights enforcement.

Mr. COMPTON. That has been true.

Mr. HAYES. And has consistently produced better results for White men, than for minorities and women.

Mr. COMPTON. And women. That is correct.

Mr. HAYES. And you said the program should be monitored. Monitored by whom? It is hard to have the fox guard the chicken coop, you know.

Mr. COMPTON. Well, we think possibly the Department of Labor could, as an extension of the legislation, through rules and regula-

tions, build in greater enforcement of the locales themselves. State and local governments which administer the programs, and who the funds flow through, could have a greater monitoring and civil rights kinds of monitoring provisions. However, this has been one of the failings and weaknesses we have experience here. It may not be the same in New Hampshire. It may not be the same experience, based upon demographics.

Mr. HAYES. Well, you cannot expect too much monitoring or corrections to emanate from the Supreme Court, given the sense of direction they are going in this whole issue of civil rights. You agree with that, do you not?

Mr. COMPTON. I would certainly agree with that.

Mr. HAYES. Congressman Savage?

Mr. SAVAGE. Let me only ask, Mr. Cobleigh, as chair of the state JTPA liaison group, do you agree with the opinion of Mr. Compton that the program has "consistently produced better results for White men, than for minorities and women?"

Mr. COBLEIGH. I frankly don't know, but I suspect he is correct. The problem that we see, in thinking in a national perspective, which we hope Congress is going to do, I think what both the House and the Senate have done, does the job for urban areas. But you take a state like mine, where if we use the census figures of 10 years ago, which you folks insist we do, shows that we only have four tenths of one percent non-white population. The actual figure is about 1.4, if you use our figures, but the Federal figures are four tenths of one percent, so if you force us to deal with Chicago problems when we do not have them, then the money gets wasted. Now, in a perfect world, more money, and that is what Senator Simon is trying to do, the allocation of funds will go to where the problems are, and we support that. But realistically, and pragmatically, every state is going to get some dough, and let those of us who do not have the same problems that you have, solve our problems, rather than try and make us solve your problems, when we do not have them. That is why we are asking for flexibility. Certainly, there needs to be targeting. Certainly, there needs to be a better job done for the minority community, but, there has got to be some flexibility, because this country is not homogeneous. It is very different.

Mr. SAVAGE. Let me ask just one last question, if I may, Mr. Chairman.

Mr. Cobleigh, do you, based on your experience, do you have any suggestion as to what can be done, or what should be done, in states such as this state, where you recognize that the program has worked unfairly, regarding minorities, and women. Do you have any specific suggestions?

Mr. COBLEIGH. I guess the key to success in the states that are really doing well, in my opinion, is that they have a heavy private sector involvement. The states where the problems are started off, and they are still trying to do what they did 10 years ago, and there are a lot of bad situations out there, with bad programs. There is no doubt about that, and I am not trying to gloss over that, but we focused on process to cure problems. We have not cut the charlatans. We have not cut the non-performers, but we spank them for failing on process. But we have got to be looking at re-

sults. You have got to judge every SDA based on, "Are they doing a job for the folks in their district that need it?" and if they are not, then it is up to the state and the feds to start going after them, because they are not getting results. Not because they are not doing the work process.

Mr. SAVAGE. Thank you, Mr. Chairman.

Mr. HAYES. Senator Simon?

Senator SIMON. Thank you. I thank all three of you. Let me, first of all say, for the record, that James Compton is not only the President of the Chicago Urban League, but also Chairman of the Board of Education for the City of Chicago, and has been doing a superb job there.

Mr. HAYES. Terrific responsibility.

Senator SIMON. It really is. It is a major responsibility, not only for this city, but for the Nation.

Mr. HAYES. And consistent with why we are here.

Senator SIMON. Yes. That is, in a very real sense, correct.

Let me focus, Mr. Compton, on something else in your statement. You say, "The structure of JTPA program boundaries makes matters worse by separating suburban areas of high economic growth from the central city areas of high unemployment. This action creates additional barriers to access into the suburban labor market for poor inner city residents." And then, if I can just skip a sentence or two, "JTPA should develop an extensive transfer system between city and suburban training programs rather than the limited coordination that exists at present. City residents should have access to all suburban job listings available to JTPA participants outside the city."

I could not agree more.

Now, we are at the process where I am not sure when we are going to take this up, but it will probably be another six to eight weeks before we take it up in the Senate.

I would be interested if you or your staff have any specific suggestions, by way of amendment, on how we can get there and do that. I agree completely with what you are saying. I think what you are saying is on target.

Mr. COMPTON. We will go to work on that immediately. We have done some degree of work, including submission of proposals to foundations for our own limited programs, to try to alleviate that particular barrier and problem, so we can borrow from what we have already done, and do a bit more extensive work, and we will share that with you and all of the members of this hearing panel, on how we think that might be addressed.

Mr. COBLEIGH. If I may make a pragmatic suggestion in that area, the job service in many of the states has a microfiche system that lists all of the job openings in the whole state, or in given areas of the state. We are working to make those available, not only to the job service where it is now, but through JTPA to the technical colleges, to the welfare offices, so that all the systems can use that job availability situation. The program legislatively is that there are some confidentiality problems which are probably turf problems, using confidentiality as an excuse. You need to make that available to all of these agencies that are in the job placement business, not just to one.

Senator SIMON. If you can, and I appreciate your comments, Mr. Compton, if you and your staff could take a look at the Senate bill, and see if there are things that should be done. I have just one more comment, Mr. Pierce. We are going to be getting into that 1991 re-authorization higher education act before too long. I think we ought to keep in mind this whole experience, and how we can specifically use community colleges more effectively. I am eager for the input from you and your colleagues here.

And Mr. Cobleigh, I agree with you when you say that we have got to be looking for products, not process.

Here is my fear: We have so stressed results. If you have a choice of taking a fourth grade graduate or a high school graduate, if you want to get results, you pick that high school graduate, and provide the training there. The paper report is going to look better. That is what we want to move away from. I don't think you will argue with that. But I just want for the record to clarify that.

Mr. COBLEIGH. Yes, but the point I make is that the performance system set up by the Administration was for quick placement, because JTPA passed at a time of low unemployment.

Now, it is very clear that Congress wants targeting, and wants to serve the most difficult. If you make that message across, do not write it into all kinds of law, "You have got to do this."

Make it clear to them. Change the performance system, and then the results will be the kind of folks that you want. We were not trying to get those results. Now, we are being criticized for getting the results that you asked us to get. If you want to change the rules, change them, and we will comply, but do not criticize us for not focusing on the hard to place, when the goal was to put people back to work. Now, the goal has changed, which changed the performance standards. Let us not change the whole system, is what I am trying to say.

Senator SIMON. Okay. I think we do want to change the goal a little bit.

Mr. COBLEIGH. Definitely.

Senator SIMON. All right. Thank you, Mr. Chairman.

Chairman HAWKINS. Could I ask a question?

Mr. HAYES. Go right ahead, Mr. Chairman.

Chairman HAWKINS. I would like Mr. Cobleigh to clarify his statement, because I get the impression that the thrust of your statement was pay on the basis of results. Now, if you are going to do that, obviously you are not going to get any results for minorities, or for women, or for the dropouts. Who in the devil is going to employ a dropout, when you can employ an individual who has some college work? Obviously, you are going to do that. Now, who are the ones with the college? The best educated ones would obviously not be minorities. So we are getting away completely from the idea of targeting. I do not see how you make these ideas compatible, if you are merely going to base it on getting results. Then you are going to go back to the same criticism that is made of JTPA now. That it is creaming.

Mr. COBLEIGH. That is what the system originally was set up to do. It was set up to get quick employment at low cost. That is what the performance standards were.

Chairman HAWKINS. Correct.

Mr. COBLEIGH. If you make the performance standards, or you suggest the performance standards should stress those with less than sixth grade reading; should stress dropouts; and you give the brownie points, and the results for getting those kinds of folks in, then the system will focus on those kind of folks. The system currently focused on getting people quick placement jobs, not long, in depth skill, not basic skills. If you say, the performance standards shall be, you have got to train so many folks that were below sixth grade reading, and you have got to train so many folks, these dropouts, and so many folks that have been on welfare for over two years, and you make that the results that you are looking for, then you will get those kinds of results.

Chairman HAWKINS. Do you favor that?

Mr. COBLEIGH. Yes, I do.

Chairman HAWKINS. Because I thought that you were still talking about paying on the basis of results.

Mr. COBLEIGH. I am. I am talking about results.

Chairman HAWKINS. But results as——

Mr. COBLEIGH. As defined by Congress.

Chairman HAWKINS. [continuing] as defined by Congress, and along the line of the current proposals. All have three proposals, I understand, have much more targeting than the current law.

Mr. COBLEIGH. Yes. And we agree with the finding that we say that there has to be flexibility. Some of the northern states, such as Minnesota and South Dakota, claim that they do not have a lot of people who are below sixth grade reading. I am not real sure that that is true, but they claim that they do not have the same problems as some other states. They say that the 50 percent requirement from that category is going to give them recruiting problems.

Chairman HAWKINS. Well, they are fortunate.

Mr. COBLEIGH. I know they are.

Chairman HAWKINS. And if they want some of the problems in my district, I will send them some of my constituents.

Mr. HAYES. I would like to share that with you.

Chairman HAWKINS. But do not rob my constituents of something, because somebody else does not have the problem. They are fortunate.

Mr. COBLEIGH. We know it. But when you give us money, let us solve the problems that we have got, not the ones we do not have.

Chairman HAWKINS. Okay.

Mr. HAYES. I want to thank the panel for what has been interesting testimony. I repeat, your entire statements will be entered into the record. And I would like to call on panel number two, Jack D. Connelly, Executive Director of Job for Youth in Chicago, and Jack Wuest, Executive Director of Alternative Schools Network.

Senator SIMON. Mr. Chairman.

Mr. HAYES. Go right ahead, Senator Simon.

Senator SIMON. I hate to say it, but I am going to have to leave, and I would like to hear both Jack Connelly and Jack Wuest. Jack Wuest has testified before us on the Senate side in Washington, and I am looking forward to working with Jack Connelly, also, but I appreciate your having the hearing here.

Mr. HAYES. I appreciate your coming here, Senator.

Senator SIMON. All right, and I hope that Congressman Hawkins is enjoying this good California weather that we have for him.

[Laughter.]

Chairman HAWKINS. I am worried about getting out early enough, before it changes.

[Laughter.]

Mr. HAYES. As you have already heard, I am sure, the text of your entire testimony will be made a part of the record, so if you will just deal with the parts that you consider salient, and highlight those, we would appreciate it, in the interest of time.

Mr. CONNELLY. Okay, Congressman.

Mr. HAYES. So, we will start with you, Mr. Connelly.

STATEMENT OF JACK D. CONNELLY, EXECUTIVE DIRECTOR, JOBS FOR YOUTH/CHICAGO

Mr. CONNELLY. I will talk fast, too. On behalf of Jobs for Youth, I appreciate the opportunity to offer this testimony, and thank you and your colleagues for conducting these meetings.

Congressman Hayes, Chairman Hawkins, Congressman Savage, have really fine records on behalf of services for the disadvantaged. I want you to know that we people who run programs for disadvantaged, really appreciate your work on our behalf, and on behalf of our clients.

I would like to tell you just a little bit about Jobs for Youth, because I think that will frame my testimony. We are an organization that is cited by name in the original Act. We have sister organizations in New York and Boston. We are a charitable, nonprofit organization, and we work with young men and women between the ages of 16 and 21, who are from poor families, and our purpose is to help them become independent, and self sufficient. Jobs for Youth/Chicago is now celebrating its eleventh anniversary.

In the course of a year, we will make about a thousand job placements with more than 300 different area businesses. They are all private sector businesses. Almost all of our clients are minorities. About half are school dropouts, and we serve a roughly equal number of males and females, and about a third of the females we serve are single parents with dependent children. We operate a learning center, also, which helps young people that are deficient in basic skills, or they have dropped out of school, to finish their GED. In short, we hope that we reflect the spirit and the best intent of JTPA.

You have asked for some very specific comments, Mr. Chairman, which I am going to offer. You talked about the need for targeting individuals who are most in need. I assume that you want to fine tune the Act, that you want to, as you have been saying all morning, target people who really have the most need of services, but might be the most difficult to otherwise serve. We strongly support that intent, but from my reading of H.R. 2039, it seems that you have got to be poor and something else, in some cases. You have got to be poor and illiterate, poor and long term unemployed, and so on. For youths, the at risk is poor, and maybe 50 percent dropout, or up to 50 percent in school.

We work with poor people, and we have always worked only with poor people. I am trying to sit here imagine saying to a prospective client that, "You are poor, but you are a school graduate and you are literate, so you are not eligible for our program," and I cannot quite imagine that conversation, so I am a little concerned about the precision of the targeting. And I have never met anyone who is only poor. I have never met anyone who just had poverty as the barrier. Poverty always carries with it a whole array of things.

Our experience also tells us that disadvantaged youths, particularly minority youths, who may be literate, and may have a high school diploma, can still find it really difficult to get a job, and to get access to the economic mainstream. We see kids that come into our program that just do not know how to use the public transportation system. They do not know anything about the labor market. They do not know anything about going to an interview. They may need shorter term intervention, but they need some help, and some assistance, in building a bridge to those jobs. One way of which would be, as Mr. Compton mentioned, making sure that there is access to jobs in the suburbs. I think that that is very important.

A large part of our work with young people is building bridges. That is the focus of a great deal of what we do. Now, spending more time and money than we do now to precisely identify additional characteristics to determine if an applicant is eligible, could really be a nightmare for us. With the advent of block grants, which was really an ingenious device, we have replaced one government department writing regulations with 50 government departments, in 50 states, enforcing 50 variations of the law. Now, from our point of view, where we have to work with people that are the subject of the Act, it is like trying to swim in molasses.

Let me show you what I mean. These four pages are the application to admission for the University of Chicago, a pretty good school. These five pages are the application to the Harvard Business School. These 47 pages are what you have to do to put a person into the Job Training Partnership Act program.

[Applause.]

Now, we are working with 400 kids. That means 45,000 pages of paperwork. I sometimes think that there is a secret lobby of paper companies, and photocopier companies that are behind——

Mr. HAYES. Could be. You could be correct. Go right ahead.

[Laughter.]

Mr. CONNELLY. [continuing] a great many of these laws.

Mr. HAYES. That is par for the course.

Mr. CONNELLY. Since JTPA was enacted, the administrative requirements have continued to grow unchecked. It is at the point where a lot of us are forced to focus on the administrative process, rather than the services we deliver. It is kind of mindless. You have got to provide leadership for us. If you do not provide leadership in making the administration sane and manageable, things will continue to get worse. I am absolutely certain of it.

The real problem, I think, for Chicago, from my experience in Chicago, is not strictly the precise allocation of funds to particular groups. It is really the total funding that is being made available for services, and this is something that does not seem to be current to discuss.

I see this week that the president of the Urban League has suggested that we re-target the funds that we will save from the defense spending towards helping disadvantaged blacks. I would second that proposal.

In the past 10 years, employment and training funding, and particularly, Chairman Hawkins, despite your leadership—and you were speaking very much a lonely voice—you saw how it has been cut, and slashed, and cut, and slashed, and we are sitting here today, talking about a fraction, a fraction of the funding that was available say, 10 years ago. We are discussing over how we should use much less money better than we have used this less money in the immediate past.

Here in Chicago, by very conservative measures, we have got more than 15,000 people dropping out of the public schools every single year. They are not returning to school. They are not going on to community colleges. They are not entering the armed forces. The armed forces will not take them, as you know. They are not moving on to occupations within which they can support themselves. Regardless of what we may do to prevent dropout programs in the future, right now, in our midst, we have generations of dropouts who, without our help, are going to have very limited future prospects, and most likely, are going to be dependents. And these people are not going away. Even if school reform were a 100 percent successful tomorrow, we have a population that is ill equipped to succeed, and I know that our situation is not all that different from Los Angeles, or New York, or any of our other large urban areas.

The dropout problem here and elsewhere is alarming. In an attempt to address this problem, that is how we have set up our learning centers. I am delighted to see that JTPA is now looking at funding programs and funding incentives for dropouts as a high priority. That is new. I strongly support your work on that. As to targeting services more effectively to serve the economically disadvantaged, we support Congressman Hawkins's proposal. The Act, as best I can tell, is intended to help people gain skills, and have access to the support they need to be self sufficient. It will not create jobs. It is not going to build a factory, but what the Act can do is it can focus on a population that needs skills to get access. This is a long way of saying that any look at the formula, so that we target on economically disadvantaged is, I think, what is most importantly needed, and I strongly support that.

Virtually every one of the 300 businesses that we work with, says, "Give me someone who is literate, who can think, and who can communicate. I will train the people." I am talking about youths, and I am not talking about an adult population, but I think that separating programs, youth programs and adult programs, and acknowledging they have different needs, is really important. Most of the kids we work with really need to get basic skills. They really need to get some sort of work experience. They need to know how to get access to the job market, and frankly, they made need to fall on their faces a couple of times, just to get their sea legs, so to speak. An adult may be supporting a family, and may need a larger income right now. They may have completely different goals that they could look at through a JTPA program, so we see that

there are differences, and we support your work in targeting those differences.

You have also asked for us to comment on ways to improve quality and accountability. I note that you are proposing various cost limitations in order to account for the use of funding. If the idea is to ensure that JTPA money is spent in furtherance of JTPA activities, I strongly support your intent, but from my vantage as a service provider, I shudder at the thought of the regulations that will be generated to account for the proposed cost limitations.

Mr. HAYES. Mr. Connelly, I do not want to be rude, but if you could sort of wind up.

Mr. CONNELLY. Okay. Let me sum up. On the point of fixed unit cost and incentive, and on targeting populations, if you go at it by providing incentives, or as the gentleman before suggested, by providing particular populations that are defined that we should work with, I think that that is the best way to get to that end. We should be concerned that those most in need of service are served, rather than going after how you spent the money, by line item categories. I thank you for this opportunity. And I am glad that you are working on our behalf.

[The prepared statement of Jack D. Connelly follows:]

jobs for youth/chicago INC

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TESTIMONY

of

John D. Connelly

U.S. House of Representatives
Committee on Education and Labor

Hearing on H.R. 2039
Jobs Training Partnership Act Amendments of 1989

January 12, 1990
Chicago, Illinois

Celebrating 10 Years Of Service

January 11, 1990

TESTIMONY OF JOHN D. CONNELLY
JOBS FOR YOUTH/CHICAGO

On behalf of Jobs for Youth, I appreciate the opportunity to offer this testimony and thank you and your colleagues for conducting these field hearings. Before I begin I want to commend both Congressman Hayes and Chairman Hawkins on their outstanding records on behalf of services for disadvantaged Americans, and particularly on behalf of youth, and for your current efforts on behalf of the Job Training Partnership Act.

ABOUT JOBS FOR YOUTH

As the Committee may know, Jobs for Youth is cited by name in the original Act. We have sister organizations in New York and Boston. Each is a charitable nonprofit incorporated in the state in which each operates. However, we share the mission of helping young men and women between the ages of 16 and 21 years who are from poor families to become independent and self-sufficient adults. Jobs for Youth/Chicago is in it's eleventh year of service.

In the course of a year we will make almost 1,000 job placements with more than 300 area businesses. Almost all of our clients are minorities, about half are school dropouts, and we serve a roughly equal number of males and females. About one third of our females have dependent children. We also operate a Learning Center which helps those who have dropped out of school to complete the requirements for their GED.

We are supported by a broad range of businesses, foundations, and individuals, are a member of the United Way, and are receiving funding under the JTPA as well. We are governed by a volunteer Board of Directors most of whom are business people. Our professional staff is supplemented by close to 200 volunteers from area businesses and the professions. In many ways, we believe that Jobs for Youth reflects the spirit and intent of the Jobs Training Partnership Act.

TARGETING SERVICES

To begin, you have asked for comments on the need for improved targeting under JTPA for those individuals who are most in need. Here, my assumption is that the intent of fine-tuning the targeting of services is to insure that those people who need help most will get help. No one in his right mind would oppose efforts to strengthen legislation to more clearly address its purpose. In the original Act, the intent to serve economically disadvantaged people is explicitly stated.

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From my reading of HR 2039, it seems that it is not enough to be poor. Rather, you have to be poor and something else. For adults, that something else can be illiterate, long term unemployed, and so on. For youths, they are "at risk," 50 percent dropouts and poor. Now Jobs for Youth works exclusively with poor people, and I am sitting here trying to imagine saying to a prospective client who is, when he comes to us, currently living in poverty, but is a high school graduate and is literate, that he is not eligible for our program because we've already met our quota for clients like him. I have never met one of these people who was "only" poor, that his or her poverty was a "single issue" problem.

More, our experience tells us that economically disadvantaged youths who are both literate and armed with a high school diploma can still find it extraordinarily difficult to gain access to the economic mainstream - because of a number of factors, including a lack of knowledge about the marketplace and at times racism. A large part of our work, over the years, has been building bridges between the business community which has jobs to offer - especially entry-level jobs - and economically disadvantaged youth who want to work but need a great deal of training and longer-term support to land and keep jobs and to grow in the workplace.

PAPERWORK IS OUT OF CONTROL

Spending more time and money than we do now to precisely

identify additional characteristics to determine an applicant's program eligibility could well bring our work to a halt. With the advent of block grants, we've replaced one government department writing and carrying out regulations with 50 government departments in 50 states writing and enforcing 50 variations of the Act. From our point, where services are delivered, it's like trying to swim in molasses.

Here's what I mean. These four pages comprise the application for admission to the University of Chicago; these five pages make up the application to the Harvard business school. These 48 pages must be completed (not counting carbons) to provide services to our clients under JTPA as things now stand. To work with 400 kids under JTPA, we must generate 45,000 pieces of paper this year. Adding requirements beyond "economically disadvantaged" will mean more paperwork, making application to the program even more complex then it is now. And right now, it's out of control.

Mr. Chairman, gentlemen, since JTPA was enacted, the administrative requirements have continued to grow unchecked. It is at the point where many of us are forced to focus more intently on the administrative process rather than on the services we must deliver. It's mindless. If you do not provide leadership in making the administration of the Act sane and manageable, things will continue to get worse and, moreso, every

time new requirements are added to the Act.

FUNDING FOR SERVICES

The real problem here is not the allocation of funds by percentage to particular groups, it the total amount of funding being made available for these services. I see where, this week, the president of the Urban League has suggested that anticipated savings in defense spending be directed towards helping disadvantaged Blacks -- I would second that proposal. In the past 10 years, Employment and Training funding has been cut by about 80 percent. Poor people, and I am talking about our inner city's poor, don't have many viable options as it is.

THE DROPOUT PROBLEM

However, in Chicago, by very conservative measures, more than 15,000 young people are dropping out of school each year. These youths are not returning nor are they going on to community colleges, entering the armed forces or moving on to occupations with which they can support themselves. Regardless of what we may want to prevent from happening in the future, right now we have several generations of dropouts who, without our intervention, not only have very limited future prospects but, by all measures, will most likely be dependant on some form of public support. And these people are not going away. Even if school reform in Chicago is 100 percent successful tomorrow, we have in our midst a hugh population ill-equipped to succeed in the labor market. And I know that our situation isn't all that

different thus Los Angeles, or New York or any of our larger older urban areas.

The dropout problem here - and elsewhere across the nation - is alarming. In an attempt to address this pressing problem, Jobs for Youth/Chicago has mounted a large-scale Dropout Education Project to help dropouts earn their GEDs so we can place them in good jobs. Up until now, funding for an effort of this sort has been a high priority item under JTPA. I am therefore pleased to not that you plan to strengthen the Act in this regard.

As to targeting service areas more effectively in order to serve the economically disadvantaged, I strongly support Congressman Hawkins Proposal. The Act, as best I can tell, is intended to help people gain skills and have access to the support needed to become self-sufficient. It won't create jobs. Here in Chicago we need all the help we can get. Jobs for Youth usually has more jobs than we can fill. Preparing people to succeed is our most pressing need. Virtually every one of the more than 300 businesses with which we work wants, as a minimum, job candidates to possess basic literacy, and reasoning and communications skills.

SPECIAL NEEDS OF YOUTH

As to separate programs for youth and adults, I think the most helpful way I can comment is to talk about how the needs of youth may be different than the needs of adults. The young

people we see, almost invariably, have little or no work experience, and are not familiar with the labor market. They don't know what kind of jobs are available, or what the requirements are to get those jobs. Our kids must often need experience and training at this point in their lives more than they need current income. Of course, there are exceptions to this.

A great deal of Jobs for Youth's program involves giving our young clients information about the labor market and teaching them how to gain access to it and grow in it. Conversely, I should add that we spend an almost equal amount of effort teaching employers how to tap this eager and willing workforce. Put another way, for a youth starting a first job at $4.25 per hour, the experience, not the wage, is of greatest worth.

MAKING PROGRAMS ACCOUNTABLE

You have also asked for comments on ways to improve program quality and accountability. Here, I note that you are proposing various cost limitations in order to account for the use of funding. If the idea is to ensure that JTPA money be spent in furtherance of JTPA activities, I strongly support your intent. But, from my vantage of a service provider I shudder at the thought of the regulations that will be generated to account for the prepossessed cost limitations.

To quote a piece in this week's Economist: (January 9, 1990)

> It is impossible to overstate the deplorable condition of the government's financial-management systems, scolds Mr. Charles Bowsher, the comptroller-general at the General Accounting Office. Federal agencies employ around 200 different accounting systems, some of which date back 50 years of more (one government auditor claims that some agencies do not even use double-entry book-keeping, invented in the Middle Ages.)

I was educated by the Jesuits, but I think even they would find it a challenge to precisely distinguish between administration, training, and supportive services cost categories.

By using language which discourages fixed-unit price contracts - which HR 2039 does - the focus is shifted from outcomes to process. You cannot have it both ways. A provider who is paid for outcomes needs flexibility in deciding how to allocate the money. However, if assurances that funds are expended according to particular line-items and on specific functions is of paramount importance, it is not possible to guarantee outcomes. If this proposed change reflects a concern for abuse and misuse of funds, then the procurement process is where the scrutiny is needed.

Right now, the U. S. Department of Labor has drawn up regulations to make sure that the funds used under JTPA can truly be accounted for. They seem to anticipate your proposal. In

essence, these regulations say that nonprofits have to spend all of the money delivering services during a program year or, if anything is left, it must be spent on the same services in the following year. For-profit entities are made exempt from this rule. This is an absolutely brilliant method for discouraging programs to ever become more efficient, let alone to concentrate on outcomes.

In the past, I have managed federal funds where, unless we spent the money by the end of the grant period, it would be returned to the government. I remember struggling to find ways to spend down the grant - leasing really expensive xerox machines, getting fancy phones, and so on - so that we could keep the money in our local economy. Crazy. I guarantee that by putting the scrutiny on cost limitations rather than on procurement standards - you are going to trade results for paperwork, and cripple nonprofit organizations in the bargain. I repeat, please concentrate on the procurement process - check out who you do business with. That's the best way I know of to ensure that the funds are well used. Please don't make more opportunities for creative accounting instead.

In closing, again, I want to thank you for what you are doing on behalf of disadvantaged Americans. During the 1980s, our social scientists came up with the term "underclass" - people who are not sharing in the American dream and who, as best we can tell, are likely to remain on the fringes of our communities,

people whose potential may never be realized. These are the same people that JTPA, at its best, is trying to help.

I have worked in education & human services for more than 20 years. I have taught emotionally disturbed kids and I have managed government departments. I've seen a lot of failure, and I have seen a fair amount of success as well. Through this, I've not come up with a sure-fire formula to eliminate poverty and dependence. However, I am absolutely certain that, if we have the will to address our problems, we can find solutions.

In the eighties, we slashed public housing programs and discovered homelessness. I am certain that, without your vigilance, programs like Jobs for Youth would have been decimated as well. Congressman Hawkins, you have had the courage to speak loudly and clearly on behalf of those at the greatest risk, who have the least power to speak on behalf of their own needs. And I know that your position has not always been popular.

Right now, I think that what we need most is to support initiatives that are making a difference, that are achieving the goals that you are trying to address. We have a pretty good idea about what works and what doesn't. We need to continue to act on this knowledge.

Thank you.

Mr. HAYES. Mr. Wuest.

STATEMENT OF JACK WUEST, EXECUTIVE DIRECTOR, ALTERNATIVE SCHOOLS NETWORK

Mr. WUEST. Thanks a lot. I really appreciate the opportunity to testify. As I was preparing testimony, I was remembering that 10 years ago, I think, Congressman Hawkins, Bill Spring, and other friends, Bob Taggart and I, we were sitting in the White House—almost 10 years ago to the month—when President Carter was unveiling a Youth Act.

Unfortunately, and that was two billion dollars; a billion dollars for kids out of school; and a billion dollars for kids in school. Unfortunately, that Act died. It is important to remember that kind of history, and I think it is important to remember the history, as recently as two or three years ago, when Congressman Hayes introduced a full employment legislation. I know that you were all cosponsors of that bill. What has happened in the last 10 years is a dramatic shift of blaming the victim, and many of the problems we look at, where if people had jobs, adequately paying jobs, we would not be looking at the massive problems that we are looking at now.

Unfortunately, again, thinking about the history of JTPA, what we have is basically half of two different animals. We have had part of the Youth Act, and part of other kinds of programs trying to reach adults, and many of us who worked on the Youth Act, when we saw what JTPA was becoming, we knew that the performance standards would skewer the whole program to serving only those at the highest level of skills.

From the various kinds of research that came out from the Youth Demonstration Act in the 1970's, we know from then, and we know from our experience in the last 10 years, and our work in the alternative schools in the inner city in Chicago, if you can provide someone with the skills, basic skills, and I am talking about particularly the youth, they will be able to find some jobs. You help them find a job, but they need the skills, as Jack has said, in order to find those kinds of jobs. As you know, the dropout rate in the city is about 50 percent. Only about 10 percent of all the high school students in this city leave with any kind of skills to even compete with jobs.

So, the emphasis of JTPA, refocusing it to the people who are low at skills, not only is the right thing to do, but it is also the necessary economic thing to do. We have done some research that shows that the White population of the entry level work force in this city alone goes down 51 percent, and in Cook County, it goes down by 38 percent. Those numbers amount to over a quarter of a million kids, fewer kids totally, and those kids are predominantly White. Now, you can look at this two ways. Either it is predominantly a civil rights opportunity. It is a tremendous opportunity for black and Hispanic kids who are primarily a surplus labor force to be brought in as a primary labor source.

With the events in Eastern Europe, my guess might be that we may see those people come in as labor, and cheat black and Hispanic youth and adults as surplus labor force. That is a real worry I have.

Mr. HAYES. Me and you both.

Mr. WUEST. The emphasis we see for JTPA to basic skills is absolutely critical. Absolutely critical, and your specific points that you want to see addressed: Program quality. Our experience is that program quality is developed out of programs that are comprehensive, that link education, employment placement services, and support services. They have to be longer term, and they also need to be programs that are really providing more cost per participant, not the $1200 or $1300 received for JTPA programs. The City of Chicago spends between $4600 and $5000 a kid in high school, and those are the kind of costs we need to look at. On the issue of full funding, Jack and I talked about this last week. If we have very little funds, we have to start targeting much more, and we start excluding more people.

If you look at the Youth Act again, 10 years ago we had two billion dollars committed just to youth. Just in today's dollars, that would be four billion dollars. It is easy for me to sit here and recommend that we have eight billion dollars, but we need that, and again, not because it is now the right thing to do, it is the correct thing to do, it is also the economically sound thing to do. I have sat with major business leaders in this city who are in cold sweats about where they are going to find qualified workers that will keep their business as competitive. And that is a major issue, not only in this city, and I note in the hearings that Congressman Hawkins had in June on the Work Force 2000 Act, but that is a major issue for this city, or the country. My hunch is that that issue will not really come to a head until 1993, 1994, or 1995, and then we will have a crisis, and as usual, crisis will drive policy.

The third issue is performance standards, again, as I said earlier, we knew in 1982 and 1983 that performance standards would skewer even the very good language that was in there for youth programs, and it did that exactly. It skewered it to higher level skilled kids; it skewered it to the kids who were most prepared. Those are not the kinds of kids that we can afford now, or could afford then, to really focus on. I applaud your efforts in terms of really focusing at the kids who are dropouts.

The fourth issue is that what we need is dramatic, and dynamic leadership from the Department of Labor. Again, I would hark back to what we saw with Bob Taggart and the Vice President's task force under Mondale in the '70's, where those people aggressively went out, and brought people in, and looked at the issues, and looked at how to provide technical assistance.

The tough nut that you have got to crack is that you develop legislation, and you are taking heat on development, whether or not you are going to have set asides, and all of that, from the existing bureaucracy. I can guarantee you, the existing bureaucracies will dig their heels in, unless there is adequate leadership from DOL, in transition from the high level of the state, and from the Federal Government to the local level of programs, if they cannot think out how to change their programs to the focus you want, they will dig in and resist it. They absolutely will, and you can already see that in the opposition you have in the 8 percent set asides, and things like that.

So, the leadership from the Department of Labor is going to be critical in passing the leadership down.

Now, the last point I want to say is, I get a big kick out of listening to Tom Peters talk about bureaucracy. And I think he is right. You have to cut it out, and what kind of bureaucracy has been established under the Reagan years, is just abysmal. What we had under CETA was a program that was funded from the Federal Government, straight to the cities, and prime sponsors, or whatever we call these things. Now we put a whole level of bureaucracy in between that has taken off between 20 and 25 percent of the money. I say cut it out, because it just adds more layers of bureaucracy, more paperwork, and the pads that Jack has already shown you, it develops that kind of paperwork, and we need to get more money down to the service delivery area level.

One example, and I will close here, where we have seen a good state bureaucracy use the state monies that they have is Massachusetts. Friends of mine are there, and they implemented that program. Tom Glynn and other people back in 1984, 1985. What they did was use that money, incentive money for local SDA's to focus on people who were illiterate; kids who were dropouts; and welfare recipients. But their aim was to pass that money straight out. They took the tough decision of the State of Massachusetts not to leave the money on the stump and give to the community college system, and the school board system. They passed it out, and they took heat. Dukakis took heat.

We did not do that here in Illinois, and I do not think that happens in a lot of other states.

My last point is, we have got a level of bureaucracy, easy for me to sit here and say that it ought to be cut out, but it absolutely ought to if we want to make this an effective system.

[The prepared statement of Jack Wuest follows:]

ALTERNATIVE SCHOOLS NETWORK
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JACK WUEST TESTIMONY
TO THE
HOUSE COMMITTEE ON EDUCATION AND LABOR
HEARING ON HR 2039
JANUARY 12, 1990

It is a pleasure to come here and testify before this Committee that has consistently raised the fundamental issues facing the poorest and lowest skilled adults and youth in our country.

The Alternative Schools Network (ASN) is a not-for-profit organization in Chicago that has been addressing this issue of how to work with inner city youth and adults for the last 15 years. ASN has built an impressive track record of operating successful programs meeting the education, employment, and support service needs of this population. The Alternative Schools Network is a coalition of 50 community- based, non-profit schools and youth and adult education agencies serving inner-city neighborhoods in Chicago. With a specific focus on inner city youth and adults, the various ASN program sites have worked as a coordinated network to develop a comprehensive approach to providing educational opportunities to youth and adults in their neighborhoods.

I have worked in the inner-city for over twenty years. What I am going to say comes from my experience and work over that time.

Research and our experience in the Alternative Schools Network shows that the most effective use of employment and training funds is to support programs that help people with the lowest incomes and the lowest academic and job preparedness skills to complete their high school education or GED. This is the most effective use of these funds because it gives the best return per tax dollar spent in terms of reducing or eliminating dependency payments by participants and increasing taxes paid by participants who go back to work on a full time, regular basis.

By finishing their GED or high school diploma participants are very good bets to increase their lifetime earnings by $400 to $500 per month.

To do this programs must be able to work with persons from 1 to 3 years and the costs will be from $3,000 to $4,500 per year. In short, programs must be longer, and will appear to cost more than the current JTPA programs. I say appear, because JTPA, with DOL's emphasis on low cost, quick job placements, has cost all of us very much. How? Because the people going through the training do not stay in jobs over the long term. Their training is short term and their gains are short term. What we see are high numbers of quick job placements at a very low cost but a year or two later the folks going through these programs are unemployed or so underemployed that they are still in poverty, still costing us all enormous sums of money for dependency payments and lost tax revenues from low or no wages.

So if these sort of programs don't really work in the long run, what does? Programs that offer comprehensive educational and employment services - centers that train and educate high school dropouts and adults with education programs offering literacy, adult basic education, high school completion (with three options – GED, competency-based diploma, or time-based diploma) job and career preparation, as well as on-the-job experience, specific job skill training and job placement.

Talk to the students in these centers and they will tell you that if they stay in their center, get an education, and some job skills, they know they will get a job. The students can come in for a few hours a week for tutoring if they read below the fifth grade level, or they can enroll in regular classes to earn a high school diploma. The students know that if they stay in the program and do well, they will earn a high school diploma and get a job, and they will tell you that this is one of the main reasons why they stay in the program.

These are the three levels of programming offered at these centers:

1. Education Programs. Literacy programs from 0 to 5th grade reading levels to move on to 5th and 6th grade through high school to earn a high school diploma to move to college (two and four year) programs.

These programs aim to have people learn the academic and life skills as well as the social skills of regular and on-time attendance, following instructions, and critical and analytic thinking so they are more easily trained to the employer's system.

2. Employment Preparation and Training Programs. Employment preparation can begin at 5th and 6th grade. Usually more specific job skill training can begin when someone reads at the 9th or 10th grade level.

3. Job Development. Part-time job development could happen throughout the program, beginning when people read at the 6th or 7th grade level (particularly for 16 to 21 year olds). Full-time jobs would be the reward after job skill training and/or high school diploma. All throughout, jobs are used as key incentives and rewards for students who do well. Each student is being prepared for employment; each student is gaining more confidence and moving towards full-time employment; first from just regular program attendance and good program achievement, to employment at the education center, to employment in the local neighborhood, to employment outside the neighborhood. There are different geographic locations of entry level jobs. There will also be varying levels of job skills required in these different locations.

The aim here is twofold: (1) to build participants' confidence and job experience resumes as well as to get them earning some income, and (2) to successfully link up more and more employes with participants so the employers look to these programs and real jobs await people who stick with the program.

Underpinning all of these levels of programs are strong support services that help folks over crises and to build group and individual support among participants.

These comprehensive learning/earning centers are the way to successfully reach the people who are most in need of employment and training.

How does the current JTPSA legislation help to do this?

Not well at all.

First: There must be a comprehensive jobs program paying an adequate wage for every person who wants to work. JTPA does not do this at all.

Second: The JTPA funding formula does not get the program to the people who need this the most.

The JTPA funds should be distributed entirely with a formula based 100% on disadvantaged and schooling factors - particularly #'s of dropouts, #'s of non-completers of high school-adults and youth, #'s based on low skill levels. There must be some way to correctly target the funding to reach the people who most need it and where the funding will get the most gain and results.

We don't ask people to be 2/3rds unemployed and 1/3 disadvantaged - they must be 100% disadvantaged. So the formula must be overwhelmingly based on the disadvantaged weights.

We understand the potential problems with changing the flow of money but if we want the funds to be spent in the most effective way we should do this.

Third: A separate comprehensive federal program should be developed for low skilled, disadvantaged youth (ages 14 to 21) who are in or out of school. The model for this is the Youth Opportunities Act of 1980 that died with Jimmy Carter's defeat. The programs to be developed under this would be comprehensive and able to offer education, skill training, employment and support services. This program should be funded at $4 billion - $2 billion for low income low skill youth in school and $2 billion for dropout youth.

There should also be a separate program for low skilled adults that combines education, skill training, employment and supportive services.This program should be funded at $4 billion.

The funding for all of this will come from the "peace dividend" that must prepare the workforce that this country will need to remain economically competitive in the world market.

By 1994 we will witness extraordinary labor/skill shortages in this country. In Illinois 82% of the 777,000 new workers coming into the workplace in the 90's will be minorities. We must act now to prepare this workforce.

This is an extraordinary civil rights opportunity. Issues rarely move because of their "rightness" or "correctness". They move because of "bottomline" concerns. The businesses of this country are starting to see these existing and growing

shortages and they are getting on the band wagon. We hope! Immigration policy could sidetrack this opportunity to a back station.

But for now we face a tremendous opportunity to develop and shape programs to move black and hispanic adults and youth from being a surplus labor pool to being an active well paid workforce.

Fourth: The existing performance standards are a disaster. The emphasis on high placement rates has forced the entire system, particularly for youth, to get quick and cheap job placements. And as I stated earlier this is a waste of money. One report after another had demonstrated this.

What is needed are two separate sets of reasonable performance standards - one for youth and one for adults. These standards must encourage programs to work with low-skilled and low-income people.

The National Department of Labor officials must provide aggressive and supportive leadership to the states and SDA's how to transform their programs from short term, low cost job placement/training oriented programming to longer term, higher cost comprehensive education/training/employment programs. The Department of Labor should mirror what was done by Bob Taggart and others at DOL in the late 70's implementing CETA/YEDPA and preparing the Youth Act. Without this leadership the States and SDA's will dig their heals and resist these changes. This I can guarantee. And the opportunities that I described above will be lost.

Specifically success with high risk youth should be shaped in terms of skill acquisition and credential (GED/High School and/or College diploma) achievement at a realistic rate of 40% to 45% at the highest. You just can't be more successful than this with youth who are high risk.

Attached are some relevant articles outlining the issues touched upon in my testimony.

Chicago Tribune
Sunday, December 31, 1989

Chicago faces shrinking labor pool

By Merrill Goozner

Signs that businesses in the Chicago area are facing a shortage of qualified workers are growing more numerous:

- Downtown banks and insurance companies report they are having a hard time finding enough people to fill their entry-level positions;
- Help-wanted boards outside factories are posting offerings for skilled mechanics for the first time in years;
- An annual survey of small businesses shows "labor quality" has become their No. 1 problem for the first time ever.

And inside the personnel offices of employers both large and small in the region, the reality of the massive demographic shift underway here as throughout the nation is beginning to hit home.

"We have a situation where given the relatively low levels of unemployment, the kind of work force available for entry-level jobs may not be what employers are accustomed to in terms of education levels and background," said John Taylor, manager of the Illinois Department of Commerce and Community Affairs' job training programs.

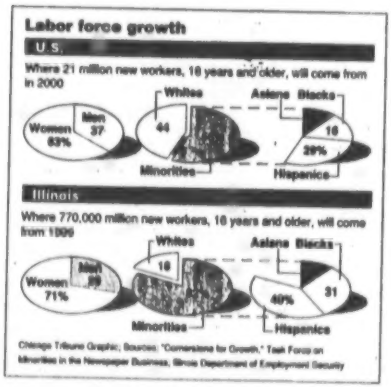
"We have people available here in Chicago, so on that basis we theoretically don't have a labor shortage," added Milton Hill, director of strategic planning for the city's Economic Development Commission.

"... when you start to talk about specific skills that people bring to a particular occupation, then selectively we do have a labor shortage. We don't have a labor supply with the required skills."

A primary reason, the experts say, is that employers are having to choose workers from an entry-level labor pool that is shrinking because the baby-boom generation now is coming to maturation.

Additionally, this smaller pool is increasingly made up of minorities who are more likely to have had an inadequate education.

"We have a situation where in almost every dimension—colleges, junior colleges, public schools, vocational education—we're providing the worst set of opportunities for those who are at risk and who are a growing sector of the population," said Gary Orfield, a political scientist at the University of Chicago.



Orfield's recent study for the city's Economic Development Commission shows that total public school enrollment in the Chicago area fell 14.8 percent, or 189,000 students, to 1.1 million between 1978 and 1988.

The declines were nearly as dramatic in the suburbs (13.4 percent) as they were in the city (17.2 percent).

This overall enrollment decline was accompanied by a shift in the ethnic makeup of the youngsters. While the number of white students declined by 217,000, or 27.5 percent, during the decade, there were just 34,000, or 9.4 percent, fewer black students.

At the same time, Hispanic enrollment in city and suburban schools soared 39 percent, or 42,000. Asian enrollment also was rising rapidly, although on a very small base.

This changing demographic profile of the current school population will have a dramatic impact on the entry-level work force that will be available in the next decade.

Between 1985 and 2000, the population in Cook County between the ages of 18 and 24 will shrink 18 percent, according to projections prepared by the Illinois Bureau of the Budget. By 2000, minorities will comprise more than half of that young labor pool, 53.1 percent compared with 43.6 percent in 1985.

The problem, employers say, is that many members of this new work force—which will have the minorities in the majority for the first time—are sorely lacking in the basic skills needed for today's jobs.

"We have people who are insufficiently skilled currently and are even more unskilled if you look at what the requirements will be," said Ronald J. Gidwitz, chairman of the Economic Development Commission and chairman of Helene Curtis Industries Inc., a major West Side employer.

Ironically, some of the immediate shortages are in areas of the economy that are usually considered slow-growth or no-growth.

"The labor market information on growth occupations doesn't deal with the issue of who's leaving the work force every year through attrition and aging," said Robert Sheets, research associate at the Center for Government Studies at Northern Illinois University.

For instance, the Tooling and Manufacturing Association predicts there will be 3,400 job openings in the metal trades every year over the next decade.

A growing complaint among employers is the need to do remedial work among their entry-level workers. Several downtown banks and CNA Insurance Co. have set up extensive in-house training programs, as have major suburban employers like Motorola Inc.

"Businesses are paying twice," said Gidwitz, "in taxes and then a second time for people who are inadequately trained. Our firm is spending in seven figures now for internal training."

Educational institutions are increasingly aware of their inadequacies in meeting the future skill needs of the local economy. Business leaders have played a key role in the massive school reform effort in the Chicago public schools, which still house nearly 40 percent of the region's future workers.

City Colleges and suburban community colleges are attempting to strengthen their ties to local firms, with the suburban schools making the most progress. Even some major universities—Illinois Institute of Technology, for instance—are attempting to work more closely with business in an effort to identify technology and training needs.

But these efforts are just getting underway. And without a strong federal role in providing help for minority students and young minority workers, they may be doomed to being half-measures at best, according to critics like Orfield.

"The federal government is way behind and has nothing to say on these issues," he said. "Yet the people who have to run institutions are having to deal with these problems: People who run businesses, higher education institutions and anyone who deals with young people.

"These people are kind of hoping it can be done by an act of will," he said. "But it can't. It takes money."

Chicago Tribune
35¢ Thursday, May 25, 1989

Big shortage of workers seen in city

By Patrick Reardon

The number of entry-level workers in Chicago will decline by 23 percent by the year 2000 and by 35 percent in suburban Cook County, creating a severe labor shortage for the metropolitan area, according to an analysis of population trends by the Alternative Schools Network.

Jack Wuest, executive director of the network, said Chicago will have only 432,000 people between the ages of 15 and 24 in the year 2000, a drop of 131,000 from the 1980 figure.

In the Cook County suburbs, only 263,000 potential workers will be in that age group, a decline of 141,000 from the 1980 figure.

"This will be an issue that will really hit business right between the eyes," Wuest said.

The analysis is the first to detail the extent of the future labor shortage that has been predicted for the city and its close-in suburbs.

Wuest's group, in operation since 1973, is a coalition of 33 education programs for low-income youths, dropouts and adults.

Wuest based his analysis on population projections by the Illinois Bureau of the Budget, the Northeastern Illinois Planning Commission and the city's Planning Department.

Similar labor shortages have been forecast statewide and nationally.

For example, Wuest said state officials are expecting the pool of young workers in Illinois to shrink to 544,000 by the year 2000, a 25 percent reduction.

The expected shortage locally endangers the metropolitan area's future economy and vitality, Wuest said, but it also provides "a great affirmative-action opportunity" for low-income people, particularly minorities, to obtain adequate education and training.

"We have a unique situation where the economic need for a strong work force will provide a tremendous opportunity to bring low-skilled and low-income populations in to the work force," he said.

"Social needs will link up with economic needs, thus making minority youth and adults a primary labor force."

A major reason for this, Wuest said, are the declines in entry-level whites by the year 2000, a group "that is traditionally better educated and therefore more job-ready."

Those declines will be much sharper than in the general population—51 percent in Chicago, 42 percent in the suburbs and 35 percent statewide.

National studies indicate that, by the year 2000, four of every five new workers will be minorities, women and immigrants.

As a result, the future of the city's economic health will rest, to a great extent, on its ability to educate and train those who have fallen through the education system's cracks in the past, particularly those from low-income families, Wuest said.

"We'll need these people in the work force sooner than later," he said.

U.S. Sen. Paul Simon (D., Ill.) appeared Tuesday at one of the schools in the Alternative Schools Network, Latino Youth Alternative High School, 2903 W. Cermak Rd.

Referring to Wuest's statistics, Simon termed the future labor shortage "alarming, but an excellent opportunity for many people. What we have to do is utilize the people we have and train them more effectively. We have to put more of an interest in education."

Simon, the chairman of the Senate Subcommittee on Employment and Productivity, noted that minorities comprise 18 percent of the U.S. work force, but, by the year 2000, the figure will be 29 percent.

To ensure the supply of job-ready workers, Simon has introduced legislation for the first major revisions of the Job Training Partnership Act since its passage in 1982.

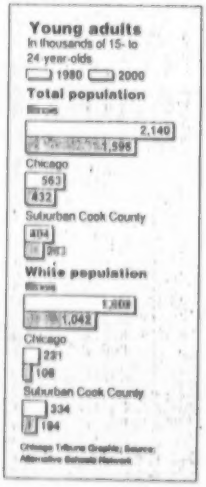
That bill would steer a greater portion of money to low-income youths and the hard-core unemployed, two groups that, critics charge, federal job-training programs frequently fail to help. It also would add more training for basic education skills.

"We want to zero in on the hard to employ," Simon said.

At present, less than 6 percent of the eligible low-income people are being served by the federal program, so Simon has proposed a $300 million funding increase to help such potential workers.

In addition, the federal funding formula would be changed to get more money to areas with large concentrations of poor, such as Chicago.

Simon said he has met twice with U.S. Labor Secretary Elizabeth Dole, and he predicted that a version of the bill would be approved by Congress and signed by President Bush this year.



Chicago • Business
Crain's

MAY 16-21, 1988

Labor quality is No. 1 concern

To Chicago-area small businesses, the local labor pool looks increasingly like a dry hole.

For the first time in the seven years the Small Business Survey has been conducted by Touche Ross & Co. and CRAIN'S CHICAGO BUSINESS, labor quality emerged as small companies' No. 1 problem.

The most common deficiency found in unsuccessful employees and job applicants, say 36% of the respondents, is technical capabilities. Career motivation was ranked the second-most common problem, listed by 26% of the respondents.

However, for business owners, these categories cover, and perhaps mask, the prevalence of other deficiencies, suggests Arthur Gotschalk, president of Illinois Manufacturers' Assn.

"Technical capabilities many times go hand in hand with a lack of basics," he says. "Many times, written tests are given to measure learned skills, and prospective employees may not be able to read well enough to indicate they know those skills."

Other written comments offered by respondents on the employee quality topic also suggest that their real gripes cover a broad range of areas. Many trace applicants' failing to problems in the Chicago Public Schools system.

"The quality of the labor pool for skilled and semi-skilled positions has diminished sharply in recent years," observes one respondent.

Noting the cost to business of education reform delays, one respondent concludes, "Even if the Chicago Public Schools system were improved immediately to an acceptable level (politically unrealistic), it would still take 12 to 15 years for the pool of available workers to be improved to a point where it corresponded to the labor pool of the early 1960s. Because of the time lag, you will continue to see manufacturing jobs leave the city."

The inability of workers to perform is particularly irksome to companies stressing not only economic gains, but also productivity gains. For the first time in the history of the survey, productivity tied with selling as the management issue that most small firms plan to tackle in 1989. Among construction, manufacturing and service companies, productivity outranks selling as a priority.

he survey also found that drug testing is employed at less than 10% of the firms, even though 17% of the respondents indicate that they believe that drug or alcohol abuse may be a problem at their businesses and 22% express fear that productivity at their firms is hurt by drug or alcohol abuse. Acknowledgment of drug and alcohol problems is highest among manufacturers.

Yet, small firms should not ignore drug and alcohol problems—or AIDS—just because they don't yet see them having an impact on a large number of their employees, warns Joe Hernandez, director of Small Business at the Chicago Assn. of Commerce & Industry (CACI).

"Small businesses need to have policies in place for both AIDS and drug and alcohol abuse in order to prevent problems—and in the case of AIDS, uncertainty—from growing," says Mr. Hernandez, noting that his and other industry groups offer workshops to help small business owners develop policies that meet legal, medical and company information requirements. ■

The pink slip: Why workers fail

What qualities do your unsuccessful job applicants or failed employees most often lack?

Technical capabilities	36%
Career motivation	27%
Emotional maturity	12%
Basic reading and writing skills	10%
Company loyalty	7%
Other	7%
Basic math skills	1%

Source: Touche Ross & Co.

Chicago Tribune
$1.25 Sunday, March 26, 1989

Suburban labor pool fished out

By Jody Temkin
and Blair Kamin

Jeff Jancik has tried everything. Help wanted ads in the newspapers. Signs in the windows and lighted signs on the lawns in front of the eight McDonald's restaurants he manages in Du Page County. And still, he never seems to have enough employees.

So, Jancik has come up with the idea of a finder's fee. A current employee who brings in a new employee receives $25. And the employee who brings in the most new workers is going to receive a special gift.

Call it bribery. Call it desperation. Call it a business reality in Du Page and other affluent collar counties.

"We aren't the only service-type business in Du Page affected like this," Jancik said. "It's partly because of the baby boom being over with.

"Our employees used to be mostly school age, but there aren't as many of them around. The other thing is that this is an affluent area. A lot of people out here don't have to work."

The labor shortage hitting the service industry is a national problem, but it's particularly severe in fast-growing areas like Du Page where competition for bodies drives up wages, forces companies to improve their benefit plans, and has them drawing on new sources, such as senior citizens and homemakers, to increase the labor pool.

Labor experts say the shortage could exacerbate suburban traffic gridlock as more service workers commute to areas where they can't afford to buy homes.

One in three Du Page workers, according to 1980 Census figures, commutes from another county. To fill the jobs and alleviate the traffic, employers will have to pressure municipalities or county governments to adopt policies that lead to the creation of more affordable housing, said Robert G. Sheets, a research associate at the Center for Governmental Studies at Northern Illinois University.

"Private employers will have to deal with [the shortage] internally through their human resources policies or the public sector's groups have to deal with it," Sheets said.

For now, though, it's an employees' market, so much so that employment consultant Linda Reid, who works at Grove Employment in Downers Grove, recently gave a seminar to personnel directors in Du Page County, telling them how to win over new employees.

"They have to attract these people like they would a customer," Reid said. "People are aware their choices are more open. The employee is more in control than he

And more and more people are working. Nationally, unemployment dropped to a 15-year low of 5.1 percent in February. In Illinois, the unemployment rate dropped to 5.2, the lowest rate in 10 years, according to the Illinois Department of Employment Security.

It probably wouldn't surprise Du Page County employers to learn that unemployment in their area was by far the lowest in the state in December of 1988, at 3.2 percent. The next lowest was Champaign County at 4.2 percent.

Those low rates can mean big headaches for the business managers competing for workers.

"It's one of the biggest challenges we face in the industry," Ron Hingst, the national director of public relations for Dominos Pizza, said of the labor shortage.

"While the whole industry [fast food] has grown tremendously, our employee base of 18- to 25-year-olds is shrinking. We're looking to seniors and looking more and more to housewives, and we've stepped up our incentives [like a managers' trip to Hawaii], to give employees more reasons to work for us."

Local businesses, "are going to have to come up with some very innovative employment incentives in the same way that they're doing in Boston," said Sheets, referring to the labor shortage experienced by that region, where wages have grown so high that growth has slowed in some cases.

In Du Page, growth hasn't slowed, and businesses are coping with the shortage in a variety of ways:

● Personnel Pool, an employment agency for temporary and permanent workers with an office in Oak Brook, began offering free training in word processing and data entry to its job applicants about a year ago.

"Since it's so difficult to get people in the suburban areas, we're using the training system as a sales tool," said client service manager Joan Sullivan, who said there used to be restrictions on who could use the free training program. "But we don't do that anymore. Now, we just want to get them through the door."

● The shortage of office workers has meant some "dramatic" increases in salaries, said Reid of Grove Personnel. "Before, it was almost impossible for a secretary to get over $20,000. Now, I've filled a number of positions in the low $30,000s. I never thought I'd see that."

Very few businesses in Chicago's western and northern suburbs are paying the $3.35 minimum wage. The small labor pool has pushed up salaries even at fast food restaurants. Employees at Jancik's McDonald's, for example, are averaging $5 an hour, above even the minimum wage proposal of $4.55 an hour passed Thursday by the House despite a veto threat from President Bush.

● National Cleaning, a nationwide janitorial service that recently opened an office in Downers Grove, imports workers from surrounding suburbs to work in office

and the Amoco Research Center opened in Naperville in 1969. Similar research and development centers followed, and along with these people and businesses came the stores, restaurants and services that cater to them.

The county gained more than 160,000 jobs from 1977 to 1986, according to statistics provided by the U.S. Bureau of the Census and analyzed by the Center for Government Studies. Of these, 37 percent were generated by consumer and health services (data processing, hospitals, security). Another 21 percent was generated by retail trade (restaurants, groceries and retail sales).

The labor shortage is not so severe that there's an "impending disaster," according to Sheets. Personnel directors in Du Page say most jobs do find takers, but there are fewer applicants to sift through, and in many cases jobs take longer to fill.

There are no signs of the situation improving in the near future. "With all the new building coming up, we're competing with more and more businesses for employees," said Susan Dickelman, the employment manager at Spiegel Inc. in Oak Brook. "Du Page is a challenge."

buildings in Du Page. Although the company recruits all over Chicagoland, it doesn't provide workers with transportation.

"Many of our employees [who work in Du Page] live in Kane or Will Counties," said National Cleaning vice president Jim McCoy. "Not too many live in Du Page. And there aren't that many who come to Du Page from Chicago because it's easier for them [Chicagoans] to get to the Schaumburg area. They'd rather go there than Du Page."

The business boom in Du Page started after the East-West Tollway was completed in the early 1960s

CHICAGO'S ECONOMIC FUTURE DEPENDS ON EDUCATING OUR HIGH SCHOOL DROPOUTS

- The future economic health and viability of Chicago will rest on the quality of the workforce that Chicago businesses will have to choose from - specifically on the ability of this workforce to read, calculate, write, problem solve as well as on their work habits self esteem, movivation and so on.

- Key state and national reports have stressed the point that future local, regional and national economic development will rest on our ability to effectively educate, train, and retrain both the existing workforce and the new entrants into the work force over the next 15 years.

- 80% of the new entrants into the workforce will be minorities, women and immigrants and these groups have traditionally had lower skills in reading, math and writing.

- 70% of all new jobs will require higher skills.

- We will need to develop policies and programs to see that low income adults' educational skills are increased so that they can move successfully into the workforce and thus help Chicago businesses thrive, grow and compete successfully with a strong, high quality workforce.

- In the 90's there will be labor and skill shortages in the Chicago Area and across the country. The baby boom is over.

- From 1980 to 2000 in Illinois the entry level workforce population (ages 15 to 24) drops by -25%, suburban Cook County declines by -35%, and Chicago by -23%.

- This chart below outlines this decline in the numbers of young adults ages 15 to 24 in Illinois, Suburban Cook County and Chicago from 1980 to 2000.

	1980	2000	Decline	
STATE	2,140,000	1,596,000	-544,000	(-25%)
SUBURBAN COOK	404,000	263,000	-141,000	(-35%)
CHICAGO	563,000	432,000	-131,000	(-23%)

- In the entire state the white population in this age group declines by -566,000 or -35% (1,608,000 to 1,042,000). For the same group in suburban Cook County the decline is -140,000, or -42% (334,000 to 194,000) and for Chicago the decline is -113,000 or -51% (221,000 to 108,000).

- The Illinois Department of Employment Security shows a worker shortage of 220,000 for the years 1980 to 2000.

- What this means is:

  1. There is a significant decline in Cook County of the young adult entry level work force.

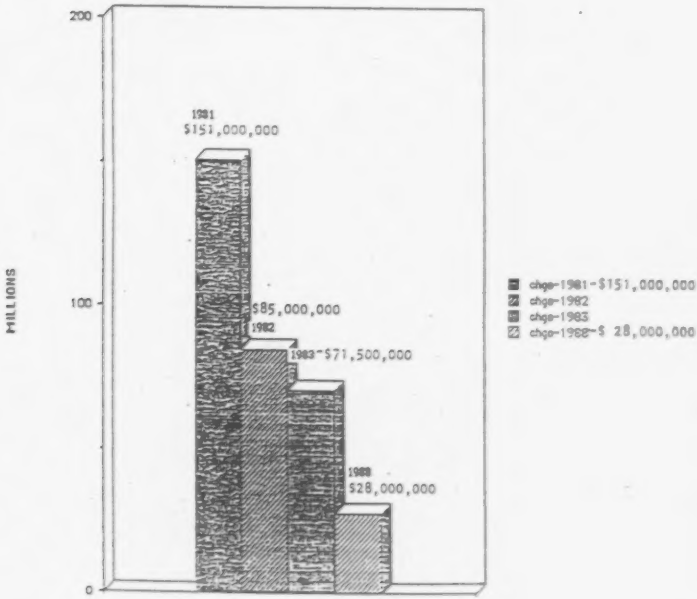
  2. There is a very significant decline in the entry level work force group (white males and females)that is traditionally better educated and therefore more job ready.

  3. That minority youth and young adults could be greatly utilized to fill this entry level labor force shortage.

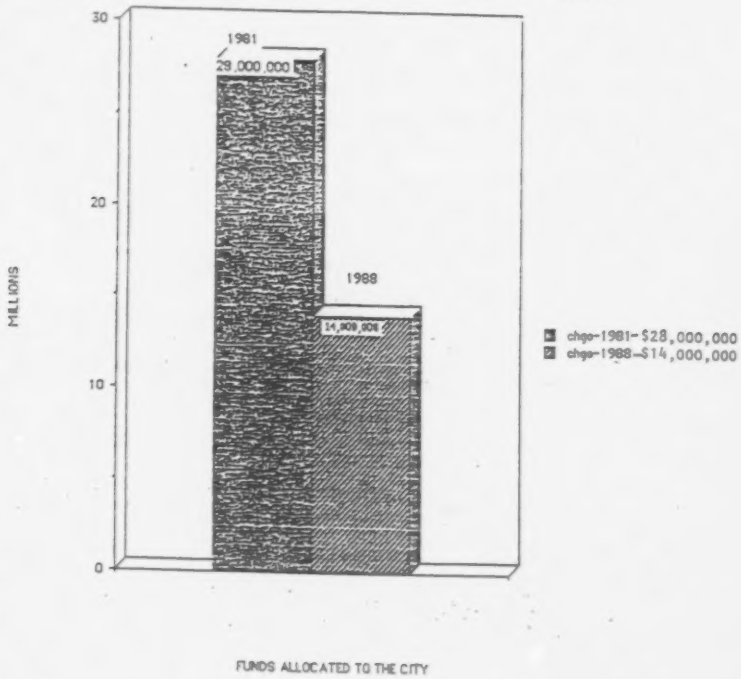
- In this way we have a unique situation where the economic need for a strong workforce will provide a tremendous opportunity to bring low skilled and low income populations into the workforce. Social needs will link up with economic needs thus making minority youth and adults a primary labor force. This linking of social need to economic need will give us the unique opportunity to integrate the interests of low income populations into public and private economic development policies.

- In the same way that day care has become a key issue because of its economic importance the needs of low income adults for education and training will begin to receive more support because of the economic importance and necessity of business to have a strong workforce.

RE AN'S CUTS OF YEAR ROUND EMPLOYMENT AND TRAINING FUNDS IN CHICAGO



REAGAN'S CUTS OF SUMMER YOUTH EMPLOYMENT FUNDS IN CHICAGO



COALITION FOR NEIGHBORHOOD EMPLOYMENT

1105 West Lawrence - Room 210 - Chicago, Illinois 60640

FACTS ABOUT THE REAGAN AND THOMPSON CUTS IN CHICAGO EMPLOYMENT AND TRAINING PROGRAMS

THE NEED

* Black youth unemployment is 61% in Chicago.
* Total youth unemployment is 36% in Chicago.

YEAR ROUND PROGRAMS - REAGAN CUT CHICAGO $123,000,000 SINCE 1981

* Since 1981 Reagan has cut $123,000,000 from Chicago's year round employment and training programs--from $151,000,000 in 1981 to $28,000,000 in 1988.

SUMMER YOUTH JOBS PROGRAM - REAGAN CUT CHICAGO $14,000,000 SINCE 1981

* Since 1981 Reagan has cut $14,000,000 from Chicago's Summer Jobs Program--from $28,000,000 in 1981 to $14,000,000 in 1988.
* Last year alone Reagan cut Illinois $15 million and Chicago lost $10 million in summer youth jobs money.
* The Federal money was cut by $130 million.
* This year the Federal money was fully restored.
* But Illinois was restored only $3 million from the $15 million cut.
* And Chicago was restored only $166,000 from the $10,000,000 cut.

THOMPSON FUNDING FORMULA REDISTRIBUTED MONEY AWAY FROM PEOPLE AND COMMUNITIES MOST IN NEED

* Illinois was restored only $3,000,000 from the previous year's $15 million cut.
* The funding formula is based primarily on adult unemployment.
* Chicago has 40% of the adult unemployment in Illinois.
* So Chicago should have received at least 40% of this $3,000,000.
* HOWEVER, UNDER THE THOMPSON FUNDING FORMULA, CHICAGO RECEIVED ONLY 5.5%, OR $166,000, OF THIS $3,000,000.
* Why???
* Because the state only counts adults in the unemployment insurance system--which excludes tens of thousands of unemployed people in Chicago who have been unemployed so long that they do not receive unemployment insurance payments, therefore not showing up in the statistics.

REAGAN FUNDING FORMULA REDISTRIBUTED MONEY AWAY FROM PEOPLE AND COMMUNITIES MOST IN NEED

* People with the lowest incomes would benefit most from employment and training programs.
* People are eligible for JTPA programs based on how low their income is--they don't have to be unemployed. For example, a father with a wife and two children can be employed and make $13,000 and still be eligible for JTPA.
* But the funds for JTPA are passed out to the states and cities based, primarily, on unemployment statistics, not on income statistics.
* This formula redistributes funds away from the areas with the most people with the lowest incomes--away from the areas with the greatest need.
* A recent Federal Department of Labor study criticized this distribution formula and said funds should be distributed much more on income and less on unemployment.
* Specifically, Illinois was cut $15,000,000 and Chicago $10,000,000 for summer jobs money because: the Federal formula emphasizes unemployment over income statistics. And Chicago received only $166,000 out of $3,000,000 that Illinois was restored.

Mr. HAYES. Are you suggesting the rebirth of the CETA program?

Mr. WUEST. Hey, I think CETA was terrific. We had programs. We did not even try to place people. In 1978 to 1980, we had 50 people who were employed with a salary of about $3.90 an hour. Today's salary, it is about $8.00 to $9.00 an hour. We did not have a very sophisticated job placement level. We placed 50 percent of those people in jobs. They got in there. They had adequate salaries. These were younger adults, and they wanted to have a job, and they went out and found labor. They went out and found a job.

I think we can work toward full employment. If we can have aid for dependent savings and loans; if we can aid dependent corporations through defense spending, we can certainly have the government as the last employer and the last just employer, for people who need jobs. The economic security of this country really rests on that.

Mr. HAYES. Mr. Connelly, do you agree with what he said?

Mr. CONNELLY. Well, I worked in the late 1960's in a CETA neighborhood theatre program in the inner city. We did not know what the hell we were doing, but we had a lot of kids that we put to work that otherwise would not have been to work, and I was kind of surprised in the late 1970s to hear that I was just this side of working with mad killers. I mean, by the time they were trying to kill CETA on the Hill. Yes, I agree.

Mr. WUEST. Let me just add one other point. What I have seen occur in the last 10 years, and it has not just been an isolated phenomenon, with the savings and loan scandal, with the proprietary school scandals, other kinds of scandals will be seen as basically a redistribution of the wealth to the wealthy, and basically a shift of leaving the poor just out in those row boats away from even the main shore, and that has to shift, and I think it is going to shift. Not because it is the right thing to do, but businesses cannot find the labor that they are going to need. They may find it from Romania, but I think they are also going to find it from the poor barrios and the poor black neighborhoods of this city and other places.

Mr. HAYES. Congressman Hawkins.

Chairman HAWKINS. Well, I could not agree with the witnesses more. I, too, have advocated the CETA type. We at least from the mid 1960s to 1979 reduced the poverty in this country dramatically, and since that time, poverty has increased. So, we talk about results. Unfortunately, we in this proposal, operate under very limited constraint, in that what we are trying to do is solve a problem, and reaching only about four or five percent of the targeted population.

So, with that in mind, we go to targeting, because we say, look, we are not against doing something for any poor person, whether the poor person is a White male, or a minority. However, if you do not have the money to do it, you have got to make a choice, and we prefer to make the choice on the basis of serving those with the greatest need, and it seems to me that that is the only thing we are trying to do in JTPA. I think CETA did a much better job, and the only reason they dissolved it was that ideologically, they did not like the CETA program.

And so, in 1981, when President Reagan came into office, he abolished CETA completely, without any support from the Congress itself. He just, by edict, said, "We no longer have CETA, and we are going to cut back on the money, and return it to the treasury." And so the only thing we had to do and we had to do something, was to support JTPA. As a matter of fact, it came out of this committee, and we authored it on the House side. Then, when we got to conference with the Senate, and the President intervened, we did not have very much left. We did not have any employment and training program whatsoever, and so we had to get something. So, JTPA is a compromise, and I agree with the criticism that to some extent we are limiting. Maybe those who are more job ready deserve as much attention as those who are not job ready, but if you do not have the money, you are going to select one group over the other, and that is the unfortunate situation we are in, and that is why one group is fighting another. That is why we have social dissention, and that is why, as a people, we have come to be a little mean about each other.

And if this continues, we are going into a severe crisis. We recognize that, so in a sense, all we are doing is patching up a little bit. We are trying to do the best patch work that we can do, and thanks to hearings like this, we are able to do the best that we can in these programs. There is a real scandal in some of the performance contracts that have gone on under JTPA, but you never read about them. If we were to look into them thoroughly, we would have as many scandals in this program as we have in the savings and loan industry. Abuses are covered over and they are not going to be released, because now we have turned the program over to the business community, and the business community is not going to have the scandals revealed. But through these hearings, this committee is attempting to do the best job under a very unsatisfactory situation, and I certainly commend the witnesses for their views, and I agree with them. Thank you, Mr. Chairman.

Mr. HAYES. Congressman Savage.

Mr. SAVAGE. I have no questions.

Mr. HAYES. I want to thank the two panelists for their excellent testimony, and again, I repeat, your entire testimony will be made a part of the record.

Mr. CONNELLY. Thank you.

Mr. WUEST. Thank you. It was a real pleasure.

Mr. HAYES. I want to suggest that we have a five minute break, before calling our final panel.

I just want to call off their names, so they can be ready to be seated when we return. Florence Cox, co-chair of the Illinois First Congressional District Education Task Force; Mr. Leigh Diffay, Vice President of Human Development, T.W.O., Woodlawn Organization; Mr. Paul Giblin, Legislative Director of the United Automobile Workers of the State of Illinois; Mary Etta Davis, Acting Director, Bureau of Business Education, Department of Vocational and Technological Education, Chicago Public Schools; Carlos Ponce, Executive Director of the Spanish Coalition for Jobs. If you would be available upon our return.

[Whereupon, at 10:55 a.m., the subcommittee recessed, to reconvene at 11:00 a.m., the same day.]

Mr. HAYES. Would the hearing please come to order. Would the hearing please come to order, and those standing, find seats. Mr. Ponce.

I know that some of you heard it, but I am going to repeat it, again, that your entire testimony will be made a part of this record at this hearing, so we would appreciate it, in the interest of time, if you would deal with the highlights, and that would allow sufficient time for questioning on the part of our committee.

So, we start with you, Ms. Cox. She is co-chairman of the Illinois First Congressional District Education Task Force.

STATEMENT OF FLORENCE COX, CO-CHAIR, ILLINOIS FIRST CONGRESSIONAL DISTRICT EDUCATION TASK FORCE

Ms. COX. Good morning. Thank you very much for this opportunity to address you. On behalf of the members of the First Congressional District Education Task Force, I, and others, want to say that this is an opportunity that we gratefully appreciate.

Mr. HAYES. If you could talk a little more into the microphone.

Ms. COX. Maybe I have to hold it. Is the mike on?

Mr. HAYES. No. You do not have to hold it. Take the one in front of it, too.

Ms. COX. Thank you. Thank you very much for the opportunity to address you this morning. On behalf of the members of the First Congressional District Education Task Force, I, Florence B. Cox, Co-Chair of the district, appreciate this opportunity to speak to you on issues related to H.R. 2039, Job Training Partnership Act.

Through no fault of their own, too many of our students are leaving school, unable to do entry level work in the job market. At a time when employment opportunity seems to be eluding Americans in general, and at a time when too many of our young Americans are leaving school unprepared to do entry level work in the market place, failure of Americans to seek and support corrective measures, will assure America of a less than desirable position among world powers. Knowledge that a nation's greatest resource is its people, cuts away the red tape, and provides us with direct access for attempting to solve our problem, how to make the unemployed employable. For many reasons, passage of H.R. 2039, and sustained support for this legislation, are imperative.

True enough, many of the students are graduating with limited job skills which keep them from the conventional job market, but which seem, for some reason, to enhance their opportunity and ability to become lucrative entrepreneurs in the unconventional, illegal market place. Our highly technical society is still host to a sizeable population clothed in the agrarian mindset, yet, they, too, have something to offer to society. H.R. 2039 provides some funding which will facilitate the opportunity for retraining, skill building, and general "plugging into" mainstream society. Some of us see this as the only way to prevent the educational dropout record from becoming a permanent part of mainstream America.

At the moment, the children are the ones who suffer most. They are the ones closest to unemployment. They are the children. Some are both child and parent at the same time. They lack the basic skills necessary to qualify for jobs. As they come close to reaching

the target, the gap is widened. Reaching the number of homeless among us is a tremendous, but imperative task. Some do not qualify for assistance, because they have no permanent address. They have no permanent address because they have no income.

Both children and adults desperately need programs. Children, especially the teenagers, need job skills, job readiness programs. Our potential employers say our children have no work ethic or incentive. Education and employment opportunity must become a reality for the children. Young adults, especially those who are parents, need community based program structures. Program structures can be summer based for practical experience, but should be expanded to a fall, winter, spring theory process.

Program quality and accountability can be improved/achieved in the following manner: Including the people who benefit from local involvement of the program will not only improve quality, but also encourage recipients to buy into the program; making program structures and operation more community based will increase the opportunity for program accountability.

Over the years, there have been numerous attempts to make the unemployed employable. The major problem has been duplication of effort, and a lack of coordination. The networking process has worked in Chicago for those of us who volunteer on behalf of our children's education. Surely the process, or some part of it, can be used to benefit those seeking an opportunity for employment. Thank you very much.

[The prepared statement of Florence Cox follows:]

Congressman Hawkins, members of the U.S. House of Representatives Committee on Education and Labor, the Illinois 1st Congressional District, its various task forces and I, Florence B. Cox, Co-Chair of the 1st Congressional District Education Task appreciate this opportunity to address you on issues related to HR. 2039, Job Training Partnership Act (JTPA).

Through no fault of their own, too many of our students are leaving school unable to do entry level work in the job market. At a time when employment opportunity seems to be eluding Americans in general and at a time when too many young Americans are leaving high school un repared to do entry level work in the work place, failure of Americans to seek and support corrective measures will assure our country of a less than desirable position among world powers. Knowledge that a nation's greatest resource is its people cuts away the red tape and provides us with direct access for attempting to solve our problem: How to make the unemployed employable. For many reasons, passage of H.R. 2039 and sustained support for this legislation are imperative.

1. True enough, many of our students are graduating with limited job skills which keep them from the conventional job market but which seem to enhance their opportunity to become lucrative entrepreneuers in the unconventional, illegal market place.
2. Our highly technical society is still host to a sizeable population clothed in the agrarian mindset. Yet, they too, have something to offer to society. H.R. 2039 provides some funding which will facilitate the opportunity for re-training, skill building and general "plugging into" mainstream society. Some of us see this as the only way to prevent the educational "drop-out" record from becoming a permanent part of a mainstream America.

3. At the moment, the children are the ones who suffer most. They are the ones closest to unemployment. They are children. Some are both child and parent at the same time. They lack the basic skills necessary to qualify. As they come close to reaching the target, the gap is widened.
4. Reaching the number of homeless among us, is a tremendous but imperative task. Some do not qualify for assistance because they have no permanent address. They have no address because they have no income.

Both children and adults desparately need programs.

1. Children, especially the teenagers, need job skills, job readiness programs.
2. Our potential employers say our children have no work ethic or incentive. Education and employment opportunity must become a reality for the children.
3. Young adults, especially those who are parents need community based program structures.
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Over the years, there have been numerous attempts to make the unemployed employable. The major problem has been duplication of effort and a lack of coordination. The networking process has worked in Chicago for those of us who volunteer on behalf of our children's education. Surely, the process or some part of it can be used to benefit those seeking an opportunity for employment.

All communities in the 1st Congressional District do not have the same needs. However, our diversity does not impede our ability to work cooperatively on behalf of our children and our community. The most difficult barrier to negotiate is cross community alliance. We have achieved that in Chicago. If we can have success here, it is possible anywhere. For children, we must succeed.

Thank you for the opportunity to share these thoughts and ideas.

Submitted by

Florence B. Cox, Co-Chair
1st Congressional District
Education Task Force

Mr. HAYES. Thank you. Mr. Diffay.

STATEMENT OF LEIGH DIFFAY, VICE PRESIDENT OF HUMAN DEVELOPMENT, T.W.O. [THE WOODLAWN ORGANIZATION]

Mr. DIFFAY. Mr. Chairman, Congressman Hayes, Congressman Savage, members of the committee, my name is Leigh Adam Diffay. I appear before you today on behalf of the Woodlawn Organization, where I serve as Vice President for Human Development. It is my privilege to testify on amendments you have proposed to the Job Training Partnership Act, which are addressed in H.R. 2039.

The Woodlawn Organization is a community based organization, founded in 1960. Essentially an advocacy organization at the outset, T.W.O. was established to improve the quality of life in the Woodlawn community. The approximately 38,000 residents of Woodlawn are predominantly black, and economically disadvantaged. The median income there is approximately $10,549, right around the poverty level, and ninth lowest in the City of Chicago. Unemployment is approximately 40 percent.

The Woodlawn Organization has a rich history in the delivery of employment and training services, which started in the '60s under MDTA; continued under CETA; and we currently provide adult and youth services under the Job Training Partnership Act. Over our long history, we have trained and placed over 12,000 welfare recipients, teenage parents, single heads of households, and others who were economically disadvantaged.

The people served by T.W.O. are indicative of our shared view that JTPA should serve those who are most in need, and we certainly commend your efforts to assure that the limited resources of JTPA are properly focused. However, along with some of the other witnesses here today, we do have some concerns with respect to the eligibility requirements proposed in 2039.

We believe that targeting and eligibility are separate issues, and that eligibility should be based solely on economic disadvantage. Legislating targeted groups as a criterion for eligibility does not provide the flexibility necessary to accommodate local community variables, such as population shifts, regional and local differences, and academic achievement levels.

The impetus for including target groups as a criterion for eligibility may have been the number of high school graduates served in the past under JTPA, as cited in a recent General Accounting Office study. The implications being (1) serving high school graduates under serves those most in need; and (2) possession of a high school diploma signifies a more job ready, and more easily placeable individual. However, we feel a cautionary note should be sounded.

By way of example, let me share with you the following: During program year 1987 and 1988, T.W.O. served 645 individuals, of whom 42 percent were adult; 58 percent were youth; 75 percent welfare recipients; 87 percent had poor, or no work history; and 21 percent were high school graduates. Of that 21 percent of high school graduates, only 42 percent of them tested in reading at the eighth grade level, and a mere 22 percent tested at the eighth

grade level in math. As you can see, a sad reality is that the possession of a high school diploma does not necessarily equate to expected academic achievement levels. While we understand that these statistics may not reflect the national achievement levels of high school graduates, we need the flexibility to respond to local community needs.

We support your proposal to separate adult and youth programs, for many of the reasons that have been discussed here today. However, we would urge combining Titles II-B, and Title II-C, including the expanded authorization of appropriations, and placing a ceiling on summer youth expenditures. This would allow service delivery areas some latitude in designing more comprehensive youth services during the year around program, in which long term intervention is needed. Again, flexibility in structure, programming, and allocation of funds is necessary for service providers, such as T.W.O., to respond to the needs of our particular local communities.

A more equitable distribution formula that recognizes the special needs of large, urban areas is long overdue. The current formula, based primarily on unemployment statistics, distributes funds to areas of questionable need, to the detriment of large urban areas with high concentrations of families in poverty, individuals with low income, and poor educational skills. We support, and urge you to consider a formula in which the primary factor is consistent with the primary factor for eligibility, with data on the economically disadvantaged.

In closing, Mr. Chairman, again it has been my privilege to testify here before you today. Thank you very much.

[The prepared statement of Leigh Diffay follows:]

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The Woodlawn Organization

Three Decades of Commitment to Community and Family

TESTIMONY

OF

THE WOODLAWN ORGANIZATION

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

ON THE

JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989
(H.R. 2039)

6040 South Harper Avenue, Chicago, Illinois 60637 (312) 288-5840

Mr. Chairman, members of the committee, my name is Leigh Adam Diffay. I appear before you today on behalf of The Woodlawn Organization (T.W.O.) where I serve as Vice President for Human Development. It is my privilege to testify on amendments you have proposed to the Jobs Training Partnership Act which are addressed in H.R. 2039.

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The Woodlawn Organization has a rich history in the delivery of employment and training services which started in the sixties under the Manpower Development and Training Act (MDTA), continued under the Comprehensive Employment and Training Act (CETA) and currently provides adult and youth services under the Jobs Training Partnership Act. Over our long history we have trained and placed over 12,000 welfare recipients, teenage parents, single heads of households and others who were economically disadvantaged.

ELIGIBILITY/TARGETING

The people served by T.W.O. are indicative of our shared view that JTPA should serve those who are most in need and we commend your continued efforts to assure that the limited resources of JTPA are properly focused. However, we do have concerns with respect to the eligibility requirements proposed in your bill.

We believe that targeting and eligibility are separate issues and that eligibility should be based solely on economic disadvantage. Legislating targeted groups as a criterion for eligibility does not provide the flexibility necessary to accommodate local community variables, i.e., population shifts and regional and local differences in academic achievement levels.

The impetus for including target groups as a criterion for eligibility may have been the number of high school graduates served under JTPA as cited in a recent General Accounting Office study. The implications being, (1) serving high school graduates underserves those most in need and (2) possession of a high school diploma signifies a more job ready and more easily placeable individual. However, we feel a cautionary note should be sounded.

By way of example, let me share with you the following. During program year 1987 and 1988, T.W.O. served 645 individuals, of whom 42% were adults, 58% were youth, 75% welfare recipients, 87% had poor or no work history, and 21% were high school graduates. Of that 21% of high school graduates, only 42% tested

in reading at the eighth grade level and a mere 22% tested at eighth grade in math. As you can see, a sad reality is that possession of a high school diploma does not necessarily equate to expected academic achievement levels. While we understand that these statistics may not reflect national achievement levels of high school graduates, we need the flexibility to respond to local community needs.

SEPARATING ADULT AND YOUTH PROGRAMS

We support your proposal to separate adult and youth programs. However, we would urge combining Titles II-B and II-C, including the expanded authorization of appropriations and a ceiling on summer youth expenditures. This would allow service delivery areas latitude in designing more comprehensive youth services during the year-round program in which longer term interventions are needed. Again, flexibility in structure, programming and allocation of funds is necessary for service providers to respond to the needs of local communities.

DISTRIBUTION FORMULA

A more equitable distribution formula that recognizes the special needs of large urban areas is long overdue. The current formula, based primarily on unemployment statistics, distributes funds to areas of questionable need to the detriment of large urban areas with high concentrations of families in poverty and individuals with low incomes and poor educational skills.

We support, and urge you to consider a formula in which the primary factor is consistent with the primary factor for eligibility, data on economically disadvantaged.

In closing, Mr. Chairman, again it has been my privilege to testify at today's hearing.

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Mr. HAYES. Thank you. The next witness is Mr. Paul Giblin, Legislative Director of the United Automobile Workers, the State of Illinois.

STATEMENT OF PAUL GIBLIN, LEGISLATIVE DIRECTOR, UNITED AUTO WORKERS, STATE OF ILLINOIS

Mr. GIBLIN. Congressman Hayes, Congressman Savage, and Congressman Hawkins, I noted on my way in that our California weather has a little snow in it.

Mr. Chairman, my name is Paul Giblin. I am the legislative director for the United Automobile, Aerospace, and Agricultural Implement Workers of America. I wish to thank you for holding this hearing on the job training needs of the economically disadvantaged individuals. I appreciate the opportunity to present the UAW's views on the nature and magnitude of the training problems facing disadvantaged individuals, and how we might address these problems by improving the Job Training Partnership Act.

The Federal Government has a responsibility to provide training to assist the unemployed, unskilled, and deficiently educated to compete in the labor market. It is unfortunate that during the 1980s, when the need was the greatest, the Federal commitment to employment and training programs has been drastically reduced. After adjusting for inflation, outlays for Federal employment and training programs decreased by more than half from fiscal year 1981, to fiscal year 1989. Because of inadequate funding, JTPA serves only a small number of those in need of job training.

In addition to the lack of funds, another problem with JTPA has been that it severely restricts the payment of stipends to trainees. The result is that many poor individuals who require income and support services to initiate and complete a job training program, are excluded from JTPA.

We are also concerned that JTPA services are not adequately targeted to those individuals who have the greatest barriers to employment. Because serving deficiently skilled and educated applicants is costly, and performance standards stress immediate placement at lowest possible cost, local administrators tend to favor more employable individuals in order to show results. Although JTPA's high job placement rates have garnered much praise for the program, the evidence indicates that those most in need are excluded, in order to show high placement rates. The practice is known as creaming.

For example, the General Accounting Office, in its June 1989 report entitled JTPA Services and Outcomes for Participants With Differing Needs, found that a larger portion of high school graduates are enrolled in the JTPA program, than exists in the eligible population nationwide. In contrast, high school dropouts are substantially underserved by JTPA, even though dropouts are a group particularly prone to difficulties in the labor market. GAO data show, for example, that only 27 percent of adult JTPA participants are school dropouts. In comparison, it is estimated that 38 percent of adults eligible for JTPA are school dropouts. In the long run, this is economically inefficient, since job training programs have a

larger impact by serving individuals with greater labor market handicaps.

H.R. 2039 is a step toward a needed reform in JTPA. It allows for the improvement in the delivery of support services and stipends to individuals in training. It also attempts to target services to those with the greatest barriers to employment. While H.R. 2039 includes some positive changes in performance standards, we would like to see the legislation go further than it does, and mandate that performance standards emphasize substantive long term training that prepares individuals for placement in high wage jobs. For enrollees who have not completed their secondary education, performance standards for adults and youth should stress the achievement of a high school equivalency diploma. We commend the efforts of H.R. 2039 to limit the duration of on the job training, OJT, and to assure that training conforms to standards established by the Dictionary of Occupational Titles. During the period of OJT, the JTPA program pays a subsidy that equals 50 percent of the wages paid to JTPA participants, hired by the employer. This program is often abused by employers. According to GAO, approximately 60 percent of all OJT employers say that they would have hired the JTPA participant without the wage subsidy. Of the employees surveyed, however, only 66 percent of the adults, and 48 percent of the youth were retained after the OJT training ended. The GAO also noted that much of the time spent on OJT was very likely, too long.

H.R. 2039 fails to address the need for a more active Federal role in JTPA. When JTPA was designed, it was assumed that delegating oversight to the states would produce better management, and more effective results. What has resulted is a patch work quilt of different state programs of uneven quality. Even the Reagan Administration, by proposing a new, dislocated worker program with an expanded Federal role, tacitly acknowledged that state management of JTPA's Title III was wanting. The same is true for Title II.

The absence of effective Federal monitoring, and the lack of accountability of program expenditures have resulted in abuses in the program. For example, according to a report by the Department of Labor's Inspector General, JTPA money intended for unemployed and disadvantaged workers was used to subsidize a Japanese automobile manufacturer. The report also documented that plants have shut down in one location, leaving its experienced, trained workers jobless, moved to a new location, received grants to train new workers to take jobs in the relocated plant. The law should be changed to specifically prohibit the use of any JTPA funds for the benefit of companies which permanently reduce their work force, or shut down altogether in one location, and move to another.

There are other aspects of H.R. 2039 I find troublesome. The UAW has had an ongoing concern with the use of internship assignments, so called try out employment programs for young workers and entry employment experience program, also for young workers. These programs should not simply serve as subsidies for employers. We are concerned that the workers in these programs be given adequate supervision and training, and that regular workers are not displaced by the widespread use of these programs.

Mr. Chairman, in conclusion, the UAW congratulates you, and this committee, for examining the need to reform the Nation's training system. While we support the many positive features of H.R. 2039, we do not believe it addresses the most important weakness of JTPA, which is the lack of adequate funding. Without additional funds, JTPA cannot hope to have more than a marginal impact. We stand ready to work with you and all Members of Congress to put in place a program that will serve the interest of the unemployed, the disadvantaged of employers, and of our changing economy. Thank you.

[The prepared statement of Paul Giblin follows:]

Statement of

Paul Giblin, Legislative Director, State of Illinois International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)

Before the

Committee on Education and Labor of the U.S. House of Representatives

Hearing on H.R. 2039, the Job Training Partnership Act Amendments of 1989 Chicago, Illinois

January 12, 1990

Mr. Chairman, my name is Paul Giblin and I am the Illinois Legislative Director for the United Automobile, Aerospace, and Agricultural Implement Workers of America. I wish to thank you for holding this hearing on the job training needs of economically disadvantaged individuals. I appreciate the opportunity to present the UAW's views on the nature and magnitude of the training problems facing disadvantaged individuals, and how we might address these problems by improving the Job Training Partnership Act.

The federal government has a responsibility to provide training to assist the unemployed, unskilled and deficiently educated to compete in the labor market. It is unfortunate that during the 1980s when the need has been greatest, the federal commitment to employment and training programs has been drastically reduced. After adjusting for inflation, outlays for federal employment and training programs decreased by more than half from fiscal year 1981 to fiscal year 1989. Because of inadequate funding JTPA serves only a small number of those in need of job training.

In addition to the lack of funds another problem with JTPA has been that it severely restricts the payment of stipends to trainees. The result is that many poor

individuals who require income and support services to initiate and complete a job training program are excluded from JTPA.

We are also concerned that JTPA services are not adequately targeted to those individuals who have the greatest barriers to employment. Because serving deficiently skilled and educated applicants is costly, and performance standards stress immediate placement at lowest possible cost, local administrators tend to favor more employable individuals in order to show "results." Although JTPA's high job placement rates have garnered much praise for the program, the evidence indicates that those most in need are excluded in order to show high placement rates (this practice is known as "creaming").

For example, the General Accounting Office (GAO), in its June 1989 report, "JTPA Services and Outcomes for Participants With Differing Needs," found that a larger proportion of high school graduates are enrolled in the JTPA program than exists in the eligible population nationwide. In contrast, high school dropouts are substantially underserved by JTPA even though dropouts are a group particularly prone to difficulties in the labor market. GAO data show, for example, that only 27 percent of adult JTPA participants are school dropouts. In comparison, it is estimated that 38 percent of adults eligible for JTPA are school dropouts. In the long run this is economically inefficient since job training programs have a larger impact by serving individuals with greater labor market handicaps.

H.R. 2039 is a step toward needed reform in JTPA. It allows for the improvement in the delivery of support services and stipends to individuals in training. It also attempts to target services to those with the greatest barriers to employment. While H.R. 2039 includes some positive changes in performance standards we would like to see the legislation go further than it does and mandate that performance standards emphasize substantive long-term training that prepares individuals for placement in high wage jobs. For enrollees who have not completed their secondary education, performance

standards (for adults and youth) should stress the achievement of a high school equivalency diploma.

We commend the efforts of H.R. 2039 to limit the duration of on-the-job-training (OJT) and to assure that training conforms to standards established by the Dictionary of Occupational Titles. During the period of OJT, the JTPA program pays a subsidy that equals 50 percent of the wages paid to JTPA participants hired by the employer. This program is often abused by employers. According to the GAO approximately 60 percent of all OJT employers say they would have hired the JTPA participant without the wage subsidy. Of the employees surveyed, however, only 66 percent of the adults and 48 percent of the youth were retained after the OJT training ended. The GAO also noted that much of the time spent in OJT "was very likely too long."

H.R. 2039 fails to address the need for a more active federal role in JTPA. When JTPA was designed it was assumed that delegating oversight to the states would produce better management and more effective results. What has resulted is a "patch-work quilt" of different state programs of uneven quality. Even the Reagan Administration -- by proposing a new dislocated worker program with an expanded federal role -- tacitly acknowledged that state management of JTPA's Title III was wanting. The same is true for Title II.

The absence of effective federal monitoring and the lack of accountability of program expenditures have resulted in abuses in the program. For example, according to a report by the Department of Labor's Inspector General, JTPA money intended for unemployed and disadvantaged workers was used to subsidize a Japanese automobile manufacturer. The report also documented that plants have shut down in one location -- leaving its experienced, trained workers jobless -- moved to a new location and received grants to train new workers to take jobs in the relocated plant. The law should be changed to specifically prohibit the use of any JTPA funds for the benefit

of companies which permanently reduce their workforce or shut down altogether in one location and move to another.

There are other aspects of H.R. 2039 I find troublesome. The UAW has had an ongoing concern with the use of "internship assignments," so-called "try-out" employment programs for young workers and the "entry employment experience program" also for young workers. These programs should not simply serve as subsidies for employers. We are concerned that the workers in these programs be given adequate supervision and training and that regular workers are not displaced by the widespread use of these programs.

Mr. Chairman, in conclusion, the UAW congratulates you and this Committee for examining the need to reform the nation's training system. While we support the many positive features of H.R. 2039 we do not believe it addresses the most important weakness of JTPA which is the lack of adequate funding. Without additional funds, JTPA cannot hope to have more than a marginal impact.

We stand ready to work with you and all members of Congress to put in place a program that will serve the interest of the unemployed, the disadvantaged, of employers and of our changing economy.

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Mr. HAYES. Thank you. Ms. Davis, if you will pull that mike nearer to you. We are sorry that the public address here is not properly connected.

STATEMENT OF MARY ETTA DAVIS, ACTING DIRECTOR, BUREAU OF BUSINESS EDUCATION, DEPARTMENT OF VOCATIONAL AND TECHNOLOGICAL EDUCATION, CHICAGO PUBLIC SCHOOLS

Ms. DAVIS. Good morning.

Mr. HAYES. Good morning.

Ms. DAVIS. Members of the committee, my name is Mary Etta Davis, and I am acting director of the Bureau of Business Education in the Department of Vocational and Technological Education for the Chicago Public Schools. I am also a teacher, and a parent. I am extremely pleased to be here today, on behalf of the thousands of students in the State of Illinois, who are being served in elementary and secondary school programs, supported by the JTPA 8 percent set aside funds.

In regard to House Resolution 2039, we commend the sponsors of this legislation, and we urge you to consider the impact of the training programs funded under these proposals on the economically disadvantaged youth in our public schools.

Four programs in particular are serving JTPA students, via coordination with public education agencies: The Work Experience and Career Exploration Program, which targets under achieving 14 and 15 year-old students; the Early School Leavers Program, which is a dropout retrieval program for 16 to 21 year-old students; the Illinois Pre-Employment Placement Program, which is for high school seniors who have no marketable skills, and no plans to go on to college; and the Public Housing Initiative, which places a training program basic of skills, employability skills, in the public housing development program.

In the Chicago Public Schools, and throughout the state, these programs allow for coordination and collaboration between JTPA and public education, in bridging the gap from education to private sector employment opportunities. The teacher coordinators in these programs serve as role models and mentors for students who have little, or no incentive to continue in school, or to prepare for gainful employment. These teachers provide the necessary intervention to ensure a smooth transition into the world of work, their improved basic and employability skills.

I would like to share with you some of the positive outcomes in the Chicago Public Schools, but first I will address the issue contained in H.R. 2039. I agree that there should be improved targeting, under JTPA, of those individuals who are most in need or at risk of failure in school or in the work place. As a lifelong vocational educator, I am very familiar with the challenges facing the employers, and the skills and attitudes needed by our youth and adults to meet the work place challenges, and the needs of those individuals most at risk.

As director of the Work Experience and Career Exploration Programs for the Chicago Public Schools, I am involved, on a daily basis, with at risk 14 and 15 year-old youth, and the teachers and programs that are trying to bridge the many gaps in their lives, be

it their educational experience, family problems, or their very limited experience and understanding of the Chicago work place, and market place. I believe we must target at risk youth who are still in regular schools, before they dropout.

We recognize that the dropout syndrome begins long before the age of 16, when students actually drop out. We need to work with this group nationwide, because they are not lost, yet. We still have the school system behind us, and the school, in many cases, is still the primary social hub, or center, of the young teenager's world.

The WECEP program is an example of what can be done with in school, at risk youth. The 14-15 year-old under achievers are targeted for the program, which is offered in many states, and it works in urban, suburban, and rural settings, with boys and girls of all races and economic backgrounds. JTPA resources, especially the 8 percent education set asides, have been very beneficial to the Chicago Public School system in changing the lives of at risk teenagers in Chicago and throughout Illinois.

In response to the issue of separate programs for adults and youth, if greater accountability and efficiency can be achieved, without duplicating adminstration, I would favor separate programs. If it would work against articulation, and collaboration, then I would not favor separation. The youth programs I supervise currently include the elements and goals outlined within H.R. 2039, as they relate to special youth provisions. Vocational educators throughout Illinois have recently embarked on a major revision of goals, curriculum, and service delivery. We are very cognizant of the absolute necessity of preparing all youth to be productive, and self sufficient members of society. Education for employment has become one of the central premises of our Illinois education system. In particular, JTPA funded WECEP programs are more than regular school, more than voc-ed/shop classes, more than improved math and reading scores, more than better attendance and attitude, than a co-op job. They are preparation for a productive personal and work life.

As to ways of improving program quality and accountability, I do not pretend to have all of the answers, and I do not think that public education does. However, I would like to offer some general suggestions. Program quality and accountability can be improved through coordination and collaboration with others who are already involved in dealing with this same problem. Vocational educators, adult educators, community colleges, and state education agencies. Programs like JTPA's Section 123 State Education Coordination and Grant Programs have been of significant value in leveraging and bringing the best of each system, public education and JTPA, together to serve participants who are also our at risk high school students. I strongly support H.R. 2039's continuance of the 8 percent set aside for the education coordination activities.

Program quality and accountability can be improved through strong public/private partnerships that promote shared responsibility. Working with the public education system, and working with employers, are ways to improve quality. There are many ways to improve program quality through closer tracking of program participants. Real life world of work experience, and pre-employment

career education, are powerful tools to assist schools in becoming relevant to at risk disadvantaged youth.

Greater involvement of the people who are doing the programs on a day to day basis in the planning process, will also increase investment and quality. A lower student/teacher ratio for at risk youth would improve quality and accountability as well. The intervention of a caring, and attentive teacher will increase the quality of a student's life in many ways.

In regard to modifications of existing performance standards to reflect the expected outcomes for adults and youth, I think that consideration of modifying performance standards for adults should be given. I understand that the primary focus of JTPA is self sufficiency through employment. This is also one of the many goals of adult and vocational education. However, I hope the honored members of this committee will recognize that acceptable performance outcomes for adults must be made more flexible.

For example, in Illinois, the JTPA 8 percent set aside has a program called Literacy Plus. Adults are encouraged to work on and improve their literacy skills without the fear of failing, and upon completion, are transferred into vocational skill training, or other areas deemed appropriate by the local SDA. SDA's should be allowed to count an adult JTPA participant's improvement, especially in literacy, as a positive outcome.

It is my understanding that H.R. 2039 does agree that the attainment of basic education goals, such as completion of a high school equivalency diploma, significant gains in reading or math, or the attainment of English language proficiency, and employability enhancement skills are necessary for successful entry into the job market. We must make existing, ongoing literacy services, readily available to adult JTPA participants, as well as making JTPA opportunities available to those eligible adults who are enrolled in other literacy programs.

Some consideration should also be given to a performance standard for adults that allows for part time employment, coupled with part time education. The performance standards for youth that appear in H.R. 2039 seem to be on target. In the past, we were most concerned that students who continued in full time school, or enrolled in other training programs, were not considered to have achieved positive performance outcomes. One of the key strengths of the WECEP program is student follow-up over a three year period, which is why I support JTPA performance standards. As a matter of fact, I have suggested to my contract administrator in Springfield that we institute a five-year follow-up of these students, to determine if high school graduation is attained, since our initial contact with these students may be in the seventh or eighth grade, and three years does not track them through high school.

The outcomes of the programs in Chicago are in my written presentation, and I will not go into all of those. I know that time is of the essence. I would like to say, however, in closing, that teachers and administrators throughout the state, urge you to allow us to continue our efforts to assist these young adults toward a higher standard of living, and an opportunity to participate in the mainstream of society. On behalf of the Chicago Public Schools, I thank you for the opportunity to address this committee, and this audience.

[The prepared statement of Mary Etta Davis follows:]

TESTIMONY FOR HOUSE COMMITTEE ON EDUCATION AND LABOR
REGARDING H.R. 2039
JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1989

SUBMITTED BY

MARY ETTA DAVIS
ACTING DIRECTOR
BUREAU OF BUSINESS EDUCATION
DEPARTMENT OF VOCATIONAL AND TECHNOLOGICAL EDUCATION
CHICAGO PUBLIC SCHOOLS

JANUARY 12, 1990

TESTIMONY FOR HOUSE COMMITTEE ON EDUCATION AND LABOR REGARDING JTPA-8% SET-ASIDE FUNDS

Good morning, Ladies and Gentlemen, my name is Mary Etta Davis, and I am acting director of the Bureau of Business Education in the Department of Vocational and Technological Education of the Chicago Public Schools. I am extremely pleased to be here on behalf of the thousands of students in the State of Illinois who are being served in elementary and secondary school programs supported by the JTPA 8% Set-aside funds.

In regard to H.R. 2039, the Job Training Partnership Act Amendments of 1989, and related proposals, we commend the sponsors of this legislation, and urge you to consider the impact of the training programs funded under these proposals on the economically disadvantaged at-risk youth in our public schools.

In the Chicago public schools and throughout the state, these programs allow for coordination and collaboration between JTPA and public education in bridging the gap from education to private sector employment opportunities. The teacher-coordinators serve as mentors and role models for students who have little or no incentive to continue in school or to prepare for gainful employment. These teachers provide the necessary intervention to ensure a smooth transition into the world of work.

I would like to share with you some of the positive outcomes of the JTPA programs in the Chicago public schools, but first I will address several of the issues contained in H.R. 2039.

1. I agree that there should be improved targeting under JTPA of those individuals who are <u>most</u> in need or at risk of failure in school or in the workplace. As a lifelong vocational educator, I am very familiar with the challenges facing our <u>employers</u> and the <u>skills</u> and <u>attitudes</u> needed by our youth and adults to meet these workplace challenges.

   As director of the Work Experience and Career Exploration Programs (WECEP) for the Chicago Public Schools, I am involved, on a daily basis, with at-risk youth and the teachers and programs that are trying to bridge the many "gaps" in their lives, be it their educational experience, family problems, or their very limited experience and understanding of the Chicago workplace and marketplace. I believe we <u>must</u> target at-risk youth who are still in "regular school" <u>before</u> they drop out.

   We need to work with this group--nationwide. Why? Because they are not lost <u>yet</u>! We still have the school system behind us--and the school, in many cases, is still the primary social hub or center of the young teenager's world.

A. The WECEP program is an example of what can be done with in-school, at-risk youth. The 14-15 year-old under-achievers are targeted for the WECEP program, which is offered in many states, and it works in urban, suburban, and rural settings--with boys and girls of all races and economic backgrounds.

B. JTPA resources, especially the 8% set-aside, have been very beneficial to the Chicago Public School system in changing the lives of at-risk teenagers in Chicago and throughout Illinois.

2. In response to the issue of separate programs for adults and youth, including the summer youth program, I am not that familiar with the particular circumstances surrounding this issue, but I do think that SDA's and the schools and agencies they work with should be required to serve both youth and adults. If greater accountability and efficiency can be achieved without duplicating administration, I would favor separate programs. If it would work against articulation and collaboration, then I would not favor separation.

The youth programs I supervise currently include the elements and "goals" outlined within H.R. 2039, as they relate to special youth provisions. Vocational educators throughout Illinois have recently embarked on a major revision of goals, curriculum, and service delivery. They are very cognizant of the absolute necessity of preparing all youth to be productive and self-sufficient members of our society. Education for Employment has become one of the central premises of our Illinois education system. In particular, JTPA-funded WECEP programs are more than regular school, more than voc-ed/shop classes, more than improved math and reading scores, more than better attendance and attitude, more than a co-op job--they are preparation for a productive personal and work life.

3. As to ways of improving program quality and accountability, I don't pretend to have all the answers, and I don't think that public education does. However, I'd like to offer some general suggestions;

A. Program quality and accountability can be improved through coordination and collaboration with others who are already involved in dealing with this same problem; i.e., vocational educators, adult educators, community colleges, and state education agencies. Programs like JTPA's Section 123 State Education Coordination and Grant Programs (8% Set-aside) have been of significant value in leveraging and bringing the best of each system (public education and JTPA) together to serve JTPA participants who are also our at-risk high school students.

I strongly support H.R. 2039's continuance of the 8% set-aside for the education coordination activities.

B. Program quality and accountability can be improved through strong public/private partnerships that promote shared responsibility. Working with the public education system and working with employers are ways to improve quality.

C. There are many ways to improve program quality, etc. through closer tracking of program participants. Real life world-of-work experience and pre-employment career education are powerful tools to assist schools in becoming relevant to at-risk disadvantaged youth.

D. Greater involvement of the people (administrators/teachers) who are "doing" the programs (day by day) in the JTPA planning process will increase investment and quality.

E. A lower student/teacher ratio for at-risk youth would improve quality and accountability. The intervention of a caring and attentive teacher will increase the quality of a student's life in many ways.

4. In regard to the modifications to existing performance standards to reflect the expected outcomes for adults and youth under the proposed JTPA amendments, I think some consideration of "modifying" performance standards for adults should be given. I understand that the primary focus of JTPA is self-sufficiency through employment. This is also one of the many goals of adult and vocational education. However, I hope the honored members of this committee will recognize that acceptable performance outcomes for adults must be made more flexible.

For example, in Illinois the JTPA 8% set-aside has a program called Literacy Plus. Adults are encouraged to work on and improve their literacy skills without the fear of failing and upon completion are transferred into vocational skill training or other areas deemed appropriate by their local SDA. SDA's should be allowed to "count" an adult JTPA participant's improvement, especially in literacy, as a positive outcome.

It is my understanding that H.R. 2039 does agree that the attainment of basic education goals (such as completion of a high school equivalency diploma, significant gains in reading or math, or the attainment of English language proficiency) and employability enhancement skills are necessary for successful entry into the job market.

We must make existing/ongoing literacy services (most of which are already under the auspices of the public education system) readily available to adult JTPA participants as well as making JTPA opportunities available to those eligible adults who are enrolled in other literacy programs.

Some consideration should also be given to a performance standard for adults that allows for part-time employment coupled with part-time education.

The JTPA performance standards for youth that appear in H.R. 2039 seem to be on target. In the past we were most concerned that JTPA students who continued in full-time school or enrolled in other training programs were not considered to have achieved positive performance outcomes.

One of the key strengths of the WECEP program is student follow-up over a three (3) year period, which is why I support JTPA performance standards. As a matter of fact, I have suggested to my contract administrator in Springfield that we institute a five-year follow-up of these students to determine if high school graduation is attained, since our initial contact with these youth may be in 7th or 8th grade and three years does not track them through high school.

The outcomes of these programs in Chicago, as in the rest of the state, are measurable and positive. Consider the following:

1. During the 1988-89 school year, the Work Experience and Career Exploration Program (WECEP), provided cooperative work experience and career-related classroom instruction for 2,078 fourteen- and fifteen-year-old students throughout the state who were experiencing difficulties in their regular school programs.

   Sixty-three percent (63%) of the students were minorities, and ninety-nine percent (99%) were economically disadvantaged. Eighty-five percent (85%) of these students were able to earn wages by working in part-time jobs while earning school credits for work experience and related classes. During the 1988-89 school year, WECEP students throughout the state earned over a million dollars from their part-time employment.

   More valuable than the dollars earned was the impact these programs have had on the attitudes and performance of these students in school and on the job. Sixty-eight percent (68%) of these students showed an improvement in school attendance; 63% exhibited an improved attitude toward studying; 69%, an improved attitude toward school; 64% improved their behavior; 75% demonstrated improved relationships with others; 75% had

a better self-concept; and 62% improved their grade point averages.

Without the WECEP program, many of these students may have become school dropouts at age 16, being unemployed and economically dependent. Our three-year follow-up of 1986 program completers indicated that 41% of those students received a high school diploma, and 43% were still in school working toward a diploma. That is an 84% success rate out of a 100% potential dropout population.

2. The Early School Leavers Program is intended to give students, aged 16 to 21, who have dropped out of high school, a new incentive to re-enter the educational system, to obtain the credits necessary to receive a high school diploma, and to enroll in vocational classes which will result in the acquisition of marketable skills.

   During the 1988-89 fiscal year, participants in the Early School Leavers Program earned $251,831; 85% of the participants obtained employment, and 87% received credits toward high school graduation and continued in school full time or enrolled in a G.E.D. program.

3. The Illinois Pre-Employment Placement Program (IPREP) targets high school seniors and provides guidance and direction regarding post-secondary educational and vocational alternatives available to them. It also provides for the acquisition of marketable skills and part-time employment opportunities.

   IPREP students earned $539,125 during FY 1989 in their part-time employment; 89% of the participants graduated from high school, and 88% obtained employment.

4. The Public Housing Initiative, known as "Employability Plus," provides a valuable alternative for residents of public housing, aged 16 to 21, who are high school dropouts and deficient in basic literacy skills as well as employability skills. Preparation for the G.E.D. examination is a major focus of the program.

   Through a partnership between the Chicago Public Schools and the Chicago Housing Authority, this program consists of academics, counseling, and employment, and is made easily accessible to this population by placing it in the public housing developments. This removes a major obstacle to participation and minimizes the stigma which might be present in other educational settings.

   During the past year, 50% of the participants were employed, 30% returned to high school, 10% received G.E.D. certificates, and 85% were positively terminated from the program according to program guidelines.

It is evident from the foregoing data that these programs are working in Chicago and throughout the state by keeping students in school and providing counseling, employability skills, income, and basic literacy skills. Continuation and expansion of this funding is essential if the needs of this targeted population are to be addressed. Increased funding is essential if we are to help these academically and economically disadvantaged youth attain high school completion, post-secondary educational opportunities, and gainful employment.

Teachers and administrators throughout the state urge that you allow us to continue our efforts to assist these young adults toward a higher standard of living and an opportunity to participate in the mainstream of society,

On behalf of the Chicago public schools, I thank you for the opportunity to address this committee and audience.

Respectfully submitted,

Mary Etta Davis

Mary Etta Davis
Acting Director
Bureau of Business Education
Department of Vocational and
Technological Education
Chicago Public Schools

January 12, 1990

Mr. HAYES. Thank you very much. Mr. Ponce.

STATEMENT OF CARLOS PONCE, EXECUTIVE DIRECTOR, SPANISH COALITION FOR JOBS

Mr. PONCE. Mr. Chairman, welcome to Chicago. Congressman Hayes, Congressman Savage. My name is Carlos Ponce, and I am the Executive Director of the Spanish Coalition for Jobs.

As I begin my testimony today, I ask that the record reflect that I appear before you not solely as the head of a community-based training organization, but as a spokesperson for a number of Chicago's Hispanic employment training service providers, which include the Association House, Latino Youth, the College of Technology, the National Puerto Rican Forum, and the Greater West Town Community Development Project.

I emphasize this point because, when the witness list for these field hearings were drawn in early December, and the invitations were sent, the committee called to hear the views of representatives from local government, organized labor, the education establishment, nationally based service providers, and representatives from Chicago's leading African-American organizations. Not called to testify were representatives from Chicago's Hispanic community. It was disappointing to our group that a constituency which represents 20 percent of the population of this city, was so easily overlooked.

Mr. Chairman, I call to the committee's attention to the attachment at the back of my testimony packet. Simply, it is an article that was recently published in the Chicago Tribune that forecasts the composition of Chicago's future work force. I am certain that it is demographic information that this committee has seen before. Simply stated, it points out that Hispanics, as the fastest growing segment of the population, as the youngest segment of the population, will constitute the largest segment of a shrinking work force. What that article does not say, but what is widely known, is that inner city Hispanic youth are still ill served by an education system that tolerates dropout rates in excess of 50 percent; that Hispanics continue to encounter barriers to employment, based on racial and language discrimination; and finally, that as a community, we continue to absorb millions of low skilled immigrants seeking employment.

Collectively, these facts lead us to the conclusion that as the major segment of America's future work force, Hispanics must be included in the development of this Nation's policies for economic development, education, and most certainly, its employment and training policies. My colleagues and I found out about this hearing just a few days ago. When we reviewed the witness list, and saw the absence of any Hispanic service provider, we brought the oversight to the attention of your committee staff. We compliment the sensitivity of your staff, who this past Wednesday added us to the witness list by allowing us to testify.

My colleagues and I would like to have the same benefit as extended to the other witnesses to properly prepare our testimony, so as to benefit the legislative deliberations of this committee. The proposed legislation is of tremendous importance to us. Given the

reality, however, we want to leave the committee with one important point, and it is in the form of a challenge; that if the Congress seriously wishes to strengthen this Nation's work force, then it must make a concerted effort to make Hispanics an equal partner in its deliberations. By this, we mean not only Hispanics from the southwest and the west coast, but in the northeast, and in the midwest as well.

Mr. Chairman, having said this, we request that this committee extend the courtesy that it accept any written testimony into the record of these proceedings, from any Hispanic employment training organization, that wishes to provide their views on H.R. 2039.

Mr. HAYES. Without objection.

Mr. PONCE. Thank you. To quickly summarize the views of my colleagues, with which we hope to follow with more detailed, written testimony, we are not necessarily supportive of the proposed JTPA amendments as contained in H.R. 2039, or the Senate companion bill, S. 543. We anticipate that the combined result of both bills, as it comes out of conference committee, will place a greater emphasis on process, rather than results. For example, the legislation will dramatically increase the administrative requirements of service providers to document the employment barriers of our clients. This is to be achieved without any related corresponding increase in resources to carry out the documentation. The legislation seems to take a Pollyana view that its targeted high risk population will come to service providers with sound documentation in hand.

The reality will be that the service providers will have to spend considerable resources to document barriers, such as certification of a high school dropout, or perform cognitive, or psychological impairment evaluations.

Every additional dollar spent on the new documentation requirements may satisfy some auditor, but it does not add to the basic skills training, the job readiness activities, and certainly, it does not contribute to the job placement process, which we view as the bottom line.

Finally, I hope this committee is cognizant that adequate documentation has traditionally been a barrier within the Hispanic community.

In reference to youth, we believe that JTPA legislation needs to provide greater flexibility to treat some young adults, between the ages of 18 to 21 for what they really are, adults; men and women with children and households to support. Hispanics are a proud people, who want to provide for their families, but if a young Hispanic parent comes to us seeking a job or immediate job skills to support their family, and we answer with the wrong basic skills programming, however needed, however well intentioned, we will lose them. We will not, in essence, be meeting our customer base.

Mr. Chairman, last summer, the National Commission for Employment Policy held hearings on ways to improve Hispanic representation in JTPA's Title II-A programs. At that time, my organization testified that due to the stringent income eligibility criteria of JTPA, Hispanics were underserved by Title II-A. This was because statistically, unemployed Hispanics are more likely to seek and get the support of their families, and are more likely to take

any kind of a job in order to survive. Because of these values, Hispanics are currently penalized by income eligibility guidelines which disqualify persons having these positive values of hard work and helping family members in need. In essence, because of our strong work ethic, we have worked ourselves out of JTPA eligibility. If that is the case under the current legislation, we cannot expect to fare any better under the anticipated reforms with the additional eligibility requirements.

America is at a crossroads, as we turn from the cold war to a global economic war. We believe that if we are to have the best-trained work force, if we are to successfully compete in the world market, we are going to need the best—excuse me—we must have the best trained work force if we are to successfully compete in the world market. If Hispanics cannot access JTPA, not only will we remain an at risk population, but it will place America's economic future at risk as well. Thank you for your time.

[The prepared statement of Carlos Ponce follows:]

TESTIMONY ON

H.R. 2039
Job Training Partnership Act Amendments of 1989

Presented By:

Carlos Ponce
Executive Director
Spanish Coalition for Jobs, Inc.

Before The:

Committee On Education And Labor
U.S. House Representatives
Dirksen Federal Building
Chicago, Illinois

January 12, 1990

Spanish Coalition for Jobs, Inc.
2011 W. Pershing Road
Chicago, IL 60609

STATEMENT OF CARLOS PONCE
EXECUTIVE DIRECTOR
SPANISH COALITION FOR JOBS, INC. (SCJ)

Mr. Chairman, Congressman Hayes, my name is Carlos Ponce and I am the Executive Director of the Spanish Coalition for Jobs. As I begin my testimony I ask that the record reflect that I appear before you today not solely as the head of a community-based training organization but as a spokesperson for a number of Chicago's Hispanic employment training service providers which include the Association House, Latino Youth, the College of Technology, the National Puerto Rican Forum and the the Greater West Town Community Development Project.

I emphasize this point because when the witness list for these field hearings was drawn in early December and the invitations were sent, the Committee called to hear the views of representatives from local government, organized labor, the education establishment, nationally-based service providers and representatives from Chicago's leading African-American organizations. Not called to testify were representatives from Chicago's Hispanic community. It was disappointing to our group that a constituency which represents 20% of the population of this city was so easily overlooked.

Mr. Chairman, I call to the Committee's attention to the attachment at the back of my testimony packet. It is an article recently published in the Chicago Tribune that forecasts the composition of Chicago's future workforce. I am certain that it is demographic information that this Committee has seen before. Simply stated, it points out that Hispanics, as the fast growing segment of the population, as the youngest segment of the population, will constitute the largest segment of a shrinking labor force. What the article does not say, but what is widely known, is that inner-city Hispanic youth are ill-served by an education system that tolerates high school drop-out rates in

excess of 50%, that Hispanics continue to encounter barriers to employment based on racial and language discrimination, and finally, that as a community we continue to absorb millions of low-skilled immigrants seeking employment.

Collectively, these facts lead us to the conclusion that as the major segment of America's future workforce, Hispanics must be included in the development of this nation's policies for economic development, education and most certainly its employment and training policies.

My colleagues and I found out about this hearing just a few days ago. When we reviewed the witness list and saw the absence of any Hispanic service provider, we brought the "oversight" to the attention of Committee staff. We compliment the sensitivity of your staff, who this past Wednesday added us to the witness list by allowing us one representative and five minutes of testimony.

My colleagues and I would have liked the same time benefit as extended to the other witness to properly prepare our testimony so as to benefit the legislative deliberations of this Committee. The proposed legislation is of tremendous importance to us. Given the reality of the situation, however, we want to leave the Committee with one important point, and it is in the form of a challenge. If the Congress seriously wishes to strengthen this nation's workforce then it must make a concerted effort to make Hispanics an equal partner in its deliberations. By this we mean not only Hispanics from the southwest and west coast, but the growing Hispanic populations in the northeast and midwest.

Mr. Chairman, having said that, we request that this Committee extend a courtesy that it accept written testimony into the record of these proceedings from any Hispanic employment training organization that wishes to provide their views on H.R. 2039.

To quickly summarize the views of my colleagues, which we hope to follow with more detailed written testimony, we are not supportive of the proposed JTPA amendments as contained in H.R. 2039 or Senate companion bill, S-543.

We anticipate that the combined result of both bills as it comes out of Conference Committee will place a greater emphasis on process rather than results. For example, the legislation will dramatically increase the administrative requirements of service providers to document the employment barriers of our clients. This is to be achieved without any related corresponding increase in resources to carry out the documentation. The legislation seems to take a Pollyana view that its targeted "high risk" population will come to service providers with sound documentation in hand. The reality will be that the service provider will have to expend considerable resources to document barriers such as the certification of a high school drop-out or preform cognitive or psychological impairment evaluations. Every additional dollar spent on the new documentation requirements may satisfy some auditor, but it does not add to the basic skills training, the job readiness activities and certainly it does not contribute to the job placement process. Finally, I hope the Committee is cognizant that adequate documentation has been a continuing barrier in the Hispanic community.

In reference to youth, we believe that the JTPA legislation needs to provide greater flexibility to treat some young adults between the ages of 18-to-21 for what they really are--adults. Men and women with children and households to support. Hispanics are a proud people who want to provide for their families. If a young Hispanic parent comes to us seeking a job or immediate jobs skills to support their family and we answer with basic skills programming, however needed and well intentioned, we will lose them. We will not be meeting the needs of our customers.

Mr. Chairman, last summer the National Commission For Employment Policy held hearings on ways to improve Hispanic representation in JTPA's Title IIA programs. At that time, my organization testified that due to the stringent income eligibility criteria of JTPA, Hispanics were underserved by Title IIA. This was because statistically unemployed Hispanics are more likely to seek and get the support of their families and are more likely to take any kind of job in order to survive. Because of these values, Hispanic are currently penalized by income eligibility guidelines which DISQUALIFY persons having these positive values of hard work & helping family members in need. In essence, because of our strong work ethic, we have worked ourselves out of JTPA eligibility.

If that is the case under the current legislation, we can not expect to fare any better under the anticipated reforms with the additional eligibility requirements.

America is at a cross road as we turn from the Cold War to a global economic war. We must have the best trained workforce if we are to successfully compete in the world market. If Hispanics can not access JTPA, not only will we remain an "at risk" population but it will place America's economic future "at risk" as well.

Thank you for you time and attention.

Chicago Tribune, Sunday, December 31, 1989 Section 19

Tribune photo by Val Mazzenga

Professor John Lombard teaches a class at Citywide Colleges Center. City Colleges and suburban community colleges are attempting to strengthen their ties to local firms.

Chicago faces shrinking labor pool

21-276 O - 90 - 26

By Merrill Goozner

Signs that businesses in the Chicago area are facing a shortage of qualified workers are growing more numerous:

- Downtown banks and insurance companies report they are having a hard time finding enough people to fill their entry-level positions;
- Help-wanted boards outside factories are posting offerings for skilled mechanics for the first time in years;
- An annual survey of small businesses shows "labor quality" has become their No. 1 problem for the first time ever.

And inside the personnel offices of employers both large and small in the region, the reality of the massive demographic shift underway here as throughout the nation is beginning to hit home.

"We have a situation where given the relatively low levels of unemployment, the kind of work force available for entry-level jobs may not be what employers are accustomed to in terms of education levels and background," said John Taylor, manager of the Illinois Department of Commerce and Community Affairs' job training programs.

"We have people available here in Chicago, so on that basis we theoretically don't have a labor shortage," added Milton Hill, director of strategic planning for the city's Economic Development Commission.

"But when you start to talk about specific skills that people bring to a particular occupation, then selectively we do have a labor shortage. We don't have a labor supply with the required skills."

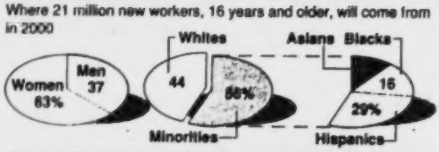
A primary reason, the experts say, is that employers are having to choose workers from an entry-level labor pool that is shrinking because the baby-bust generation now is coming to maturation.

Additionally, this smaller pool is increasingly made up of minorities who are more likely to have had an inadequate education.

Labor force growth

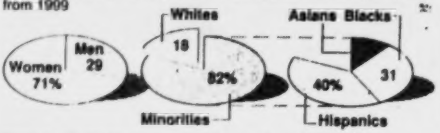
U.S.

Where 21 million new workers, 16 years and older, will come from in 2000



Illinois

Where 770,000 million new workers, 16 years and older, will come from 1999



Chicago Tribune Graphic, Sources: "Cornerstone for Growth," Task Force on Minorities in the Newspaper Business, Illinois Department of Employment Security

"We have a situation where in almost every dimension—colleges, junior colleges, public schools, vocational education—we're providing the worst set of opportunities for those who are at risk and who are a growing sector of the population," said Gary Orfield, a political scientist at the University of Chicago.

Orfield's recent study for the city's Economic Development Commission shows that total public school enrollment in the Chicago area fell 14.8 percent, or 189,000 students, to 1.1 million between 1978 and 1988.

The declines were nearly as dramatic in the suburbs (13.4 percent) as they were in the city (17.2 percent).

This overall enrollment decline was accompanied by a shift in the ethnic makeup of the youngsters. While the number of white students declined by 217,000, or 27.5 percent, during the decade, there were just 34,000, or 9.4 percent, fewer black students.

At the same time, Hispanic enrollment in city and suburban schools soared 39 percent, or 42,000. Asian enrollment also was rising rapidly, although on a very small base.

This changing demographic profile of the current school population will have a dramatic impact on the entry-level work force that will be available in the next decade.

Between 1985 and 2000, the population in Cook County between the ages of 18 and 24 will shrink 18 percent, according to projections prepared by the Illinois Bureau of the Budget. By 2000, minorities will comprise more than half of that young labor pool, 53.1 percent compared with 43.8 percent in 1985.

The problem, employers say, is that many members of this new work force—which will have the minorities in the majority for the first time—are sorely lacking in the basic skills needed for today's jobs.

"We have people who are insufficiently skilled currently and are even more unskilled if you

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Labor

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look at what the requirements will be," said Ronald J. Gidwitz, chairman of the Economic Development Commission and chairman of Helene Curtis Industries Inc., a major West Side employer.

Ironically, some of the immediate shortages are in areas of the economy that are usually considered slow-growth or no-growth.

"The labor market information on growth occupations doesn't deal with the issue of who's leaving the work force every year through attrition and aging," said Robert Sheets, research associate at the Center for Government Studies at Northern Illinois University.

For instance, the Tooling and Manufacturing Association predicts there will be 3,400 job openings in the metal trades every year over the next decade.

A growing complaint among employers is the need to do remedial work among their entry-level workers. Several downtown banks and CNA Insurance Co. have set up extensive in-house training programs, as have major suburban employers like Motorola Inc.

"Businesses are paying twice," said Gidwitz, "in taxes and then a second time for people who are inadequately trained. Our firm is spending in seven figures now for internal training."

Educational institutions are increasingly aware of their inadequacies in meeting the future skill needs of the local economy. Business leaders have played a key role in the massive school reform effort in the Chicago public schools, which still house nearly 40 percent of the region's future workers.

City Colleges and suburban community colleges are attempting to strengthen their ties to local firms, with the suburban schools making the most progress. Even some major universities—Illinois Institute of Technology, for instance—are attempting to work more closely with business in an effort to identify technology and training needs.

But these efforts are just getting underway. And without a strong federal role in providing help for minority students and young minority workers, they may be doomed to being half-measures at best, according to critics like Orfield.

"The federal government is way behind and has nothing to say on these issues," he said. "Yet the people who have to run institutions are having to deal with these problems: People who run businesses, higher education institutions and anyone who deals with young people.

"These people are kind of hoping it can be done by an act of will," he said. "But it can't. It takes money."

Mr. HAYES. Thank you. I have expanded the panel to include Ms. Toni Preckwinkle, Executive Director of the Chicago Job Council, and she is to deal with the highlights of the testimony that she was going to insert in the record, on behalf of that organization. Since we have the time, Ms. Preckwinkle.

STATEMENT OF TONI PRECKWINKLE, EXECUTIVE DIRECTOR, CHICAGO JOB COUNCIL

Ms. PRECKWINKLE. Thank you very much, Congressman. Chairman Hawkins, Congressman Hayes, Congressman Savage. I appreciate the opportunity to speak today.

My name is Toni Preckwinkle, and I am Executive Director of the Chicago Job Council, which is an eight year old coalition of employment training organizations, and civic organizations that have an interest in employment issues. Since its inception, the Chicago Job Council has conducted advocacy to promote jobs for city residents. CJC later expanded its programs to include the employment needs of the poor, and affirmative action for women and minorities.

While we recognize and applaud the efforts in this legislation to improve the quality of employment services, there are several key provisions, which we believe will have the opposite affect. That is, diminish both the quality, and quantity of services, and perhaps even the number of service providers.

There are two issues related to the legislation we want to discuss with you today, eligibility requirements for applicants, and administrative requirements for providers. In an effort to direct employment and training services to those most in need, income eligibility will no longer be sufficient. The new eligibility requirements will force providers to categorize poor folk into those who are worthy, or unworthy to receive employment training services, based on whether or not they encounter one of the designated barriers. There are people in our neighborhood programs who are in those hard to serve, at risk categories, and others who are also at risk, but who do not fall into the categories outlined in the legislation.

We believe that the young people and adults in our programs today are deserving of service, by virtue of their disadvantaged status alone. It would be far better to use proven methods, such as bonus or incentive money to target services to those at risk, than to attempt to get at this issue through eligibility requirements. There are also a number of administrative issues which concern us. As proposed, testing and evaluation of program applicants, to determine whether they are indeed hard to serve, could be overwhelming. The JTPA program already requires a great deal of paperwork, and these requirements, without compensation for provider costs, would be an additional burden. Also, by using language which discourages fixed unit price contracts, the focus is shifted from outcomes to process. A provider who is paid for outcomes needs flexibility in deciding how to allocate money. However, if assurances that funds are expended according to particular line items, and on specific functions is more important, it is impossible to guarantee outcomes. If this proposed change reflects a concern for abuse, or misuse of funds, then the procurement process is where the scrutiny is needed. I want to thank you, Mr. Chairman,

Congressman Hayes, and Congressman Savage, for the opportunity to speak today, and we welcome—the Jobs Council that is—welcome the opportunity to work with you, and other Members of the Congress, on legislation relating to the employment training program. We share with you a common interest in serving the undereducated, and the unemployed, and we hope to continue to work with you on employment and training issues. Thank you very much.

Mr. HAYES. Thank you. Chairman Hawkins?

Chairman HAWKINS. I have no questions. Thank you.

Mr. HAYES. My colleague, Mr. Savage?

Mr. SAVAGE. Just a couple. There seems to be—and maybe you can straighten me out—some conflict between the testimonies here of Mr. Giblin, and the testimonies of Mr. Diffay and Ms. Preckwinkle, because Mr. Giblin points out that "Job training programs have a larger impact by serving individuals with greater labor market handicaps," and he goes on to recognize that the cost of serving such individuals is high, as you both pointed out.

Yet, he says that the way to attack the problem of unemployment is deliberately—I think he said—deliberately to focus on individuals with greater labor market handicaps.

Is that right, Mr. Giblin?

Mr. GIBLIN. Focus on the more handicapped, correct.

Mr. SAVAGE. Right. Now, Mr. Diffay says that legislating targeted groups, such as it does not provide the flexibility necessary to accommodate local community variables, which puts him in a position different than yours, and so with Ms. Preckwinkle. That kind of difference between groups, all of whom are supportive of the objective of the Job Training Act, is going to, I think, possibly weaken the chances of our improvement, you see. Is there any way that you could come a bit closer than the pretty great disparity between the position of Mr. Giblin, and you, Ms. Preckwinkle, and you, Mr. Diffay. You see, what he is getting at is something that Mr. Compton of the Urban League mentioned earlier, when he said very dramatically that the program—he said, "JTPA is a program with little civil rights enforcement and has consistently produced better results for white men than for minorities and women," pointing out that blacks receive, he contends, fewer placements, and lower wages, as an example.

Well, if you are going to get at individuals with greater labor market handicaps, certainly you have to recognize the positive correlation between such handicaps, and race, and gender. Now, either you go one way, or the other. If you take the approach that the cost of reaching this hard core is too high, then you are going to make even more permanent this hard core unemployed group, of which it has no programs to reach it. Do you want to respond to that, either of you three?

Ms. PRECKWINKLE. May I respond, first, because I have a 12:00 o'clock meeting that I have to leave for shortly, Congressman?

Mr. SAVAGE. Yes.

Ms. PRECKWINKLE. First of all, I agree with Mr. Compton, that the JTPA program has shown to provide greater benefits for white males, and part of that is, who participates in various kinds of JTPA programs. As you know, it is a system that has a variety of

components, one of which is on the job training, and that program in particular, has a disproportionate representation from the white male population. And those are the positions that tend to have the highest entry wage. So, I think Mr. Compton, speaking to the issue of civil rights enforcement and the way in which various groups benefit from the JTPA system, is right on the target. We have to look more at civil rights enforcement, and we also have to look at the beneficiaries of various kinds of programs within the JTPA system.

I want to come back, though, to the issue I raised. On behalf of the providers, who are very concerned about the documentation issue. When Mr. Connelly was here, and held up this 46-page stack, what the providers are afraid of, is that by listing out specific barriers that participants have to meet in order to be part of the JTPA programs, you are going to make people prove up that somebody is homeless; prove up that they have some kind of mental illness; prove up that they are a substance abuser; and Lord knows, you know, how you do that, except with a million pieces of paper, and I think the providers believe that many of their participants face those barriers. That they are not simply poor, but they also face those barriers, but proving up the barriers is going to be tremendously difficult and costly, and perhaps impossible for the provider, and shut people out the system; limit participation in ways that we think would be harmful.

So, on one hand, I agree with Mr. Compton; we have to look at civil rights enforcement; we have to look at who benefits from various types of JTPA programs. But trying to deal with the barriers through eligibility requirements, I think the providers find very difficult.

Mr. SAVAGE. How would you deal with it, if not through eligibility requirements?

Ms. PRECKWINKLE. Well, one of the things that has been done in the past in the JTPA system is provide bonuses, or incentive money to SDA's for meeting certain kinds of targets, and if you do it through targeting, in other words, you provide people with additional resources if they are able to serve particular populations, I think you will come to the same end in terms of service. But you will not do it by adding to the paperwork, and the difficulties of the providers at the beginning.

Mr. SAVAGE. Is that what you were also getting at, Mr. Ponce?

Mr. PONCE. That is exactly what we are saying. That we have to put more dollars into having staff time to work with people. It is a very discouraging process to have people come back and go through the documentation process. People do not walk in with, or keep those records to begin with, if they are one of the at-risk groups, and going through the process of the paperwork, it is a long process, and it makes it more expensive for the service providers. And in the end, those are dollars that are going to be taken away from the efforts of training individuals.

Mr. SAVAGE. Mr. Chairman, one last thing, and that is to give Mr. Giblin a chance to respond, because I must admit, that I was particularly, and am particularly impressed with the approach and the sensitivity that I think is reflected in Mr. Giblin's statement. So, could he please respond to the difference here.

Mr. GIBLIN. Well, I can see where they do not want to get into all of the paper work that is necessary, but something that kind of comes out is both areas are really needed, and what you are really looking at is underfunding, and so that your half of this target, the monies that you do have, and the areas where it will be most efficiently spent, that is those areas where it is needed the very most. And that gets into the completing of the GED scores and all of that, so that you could get a high school equivalency diploma, and we really see, though, the maximum efficiency comes from those that need it the most, and need to be helped the most, and brought out.

What is being referred to here as handicapping the system to doing just that. How you prove all of the things that are involved, and obviously, somebody that has never held a job; somebody that may have held a couple of jobs for just short term with minimum wage, they do not need very much proving when they have not completed high school, and their ability to enter the job market is almost zero.

Chairman HAWKINS. Well, Mr. Chairman, if the Congressman will yield.

Mr. HAYES. Go ahead.

Chairman HAWKINS. I am troubled by the conflict, also. I cannot believe what I am hearing. For years, several years at least, the program has operated to the disadvantage of minorities, and to the ones who were most needy, and that is almost a scandal. It makes it very difficult to reauthorize the program, and to keep it alive, even. Now, the arguments seems to be against any degree of targeting.

And yet, the general accusation that is made is that there is a great deal of creaming, and we have several reports made to the Congress to that effect, including the General Accounting Office, and so we follow their recommendation. Now, a lot of statements have been made that are really not true. I do not think the individuals have even read the bill, because the bill, first of all, says that you have got to be poor in order to qualify.

There are 23 million poor people in this country, and it is obvious that you are not going to provide for 23 million people, and so that criteria is so broad, that it could include any number of individuals.

Now, what, in addition to being poor, are some of the other barriers? And all we are trying to do is to reach some of the other barriers, and the only other barriers that are mentioned in the section—it does not say anything about homeless, for example. It says that not less than 50 percent of participants must be individuals whose reading or math skills are below the eighth grade; (2) have a history of long-term dependency on public assistance, easily ascertainable; or (3), it is not—it is disjunctive; or (3) have a substantially, or substantially unsuccessful work history.

Now, that is all the new requirements that are added, and the intent is to prevent creaming, and to try to reach some of the individuals who have the greatest problem. Now, if we had the money—someone said, "Well, the problem is not to make the requirements more stringent, but to provide additional resources." And we would agree with that. But if you were in our position,

talking about getting additional resources, when the current resources are being cut back, it just does not make any sense. If we could get the additional resources, we would include all of the groups. We would try to include as many of the 23 million people who are employable that we could.

But we are not going to be able to do that. And so we have tried to be a little more stringent in trying to reach the neediest. Now, if there is a better way of doing it, and someone has a recommendation, we would be glad to entertain it, and see if you have a better idea that we can sell to the Congress. And we would be glad to do that. But then to say that even a person who has graduated from high school may be worse off than a high school dropout, that may be true, but we are trying to reach those most in need, and it is obvious from the statistics that the dropouts have not been served, and they have not been served because employers prefer to have high school graduates. Whether they are reading at the eighth grade level or not, that is an educational matter. But in order to try and reach that group, and as I say, we are trying honestly to do a job, and do what we think is the intent of the original legislation. Now, if someone can come up with a better way of doing it, then we are glad to accept your recommendation. That is all we want, but just merely to criticize an honest effort to do what everybody says should be done, without giving us some alternative, leaves us in a strange position. You have three proposals in Congress; the Simon bill, the bill which I have introduced on behalf of the Committee; and the third, the Administration bill, and all three bills attempt to target the money to the neediest among the eligible population. You have got to take one of the three bills, or else, suffer along with what you have now. So, that is the practical problem that we have.

And if you can make the bill better, or suggest some way of doing it, we would be very glad to incorporate your ideas.

Mr. GIBLIN. I would like to commend Congressmen Hawkins, Hayes, Savage. There is not a group of Congressman any place in Washington that is not trying harder on this problem than you three, I know that. And we know that you have to work within the restraints that you have, and I know that as well. But I think that I was saying is that we do agree with targeting; we do want to get to those individuals that need it the most; and we commend you for it.

Chairman HAWKINS. But others seem to be in conflict with that idea, without offering an alternative to what we are attempting to. Are you for targeting, or are you not?

Mr. GIBLIN. We are for targeting.

Chairman HAWKINS. Do you want to leave the present creaming, without any modification? These are the options that we are trying to reach.

Mr. GIBLIN. The UAW agrees with targeting.

Chairman HAWKINS. Yes?

Mr. DIFFAY. We are in no way opposed to targeting, and as a matter of fact, as a service provider, the Woodlawn Organization would not have any difficulty meeting the targets that have been described in the proposed bill by any stretch of the imagination. Those are the groups that we currently serve. What we have con-

cerns about is making targeting a component of eligibility. The problem that we see is the probability of excluding other people who are equally in need in our particular communities.

I would also agree with the fact that making it a part of eligibility makes the system more cumbersome to the service providers. One of the things that we have in addition to the paperwork, is the fact that in Chicago, we operate a highly decentralized system of service providers. What we would have here, in addition to the 13, or 14, or 15 intake centers that the city runs, there are probably 75 to 85 service providers who also do eligibility determination at that level.

Now, to coordinate that kind of decentralized system, in a way that you would know on a day-by-day basis, on a week-by-week basis, if you are meeting these additional eligibility requirements; educational level; welfare dependency; or work history, I can only see it could be tied together with some kind of elaborate computer system, the cost of which would be prohibitive. So, it is not a matter of just criticizing an honest effort—and we certainly believe that this is an honest effort that is being made—these are concerns that we are expressing from the standpoint of those of us who are in the community actually providing the service to those who come in, and are most in need.

We also feel very strongly that the response to dealing with those who are most in need is through individualized assessment of those that come through our doors, and we maybe need better guidelines as to how you do that. But I want to hasten to say, that certainly from the standpoint of the Woodlawn Organization, our testimony is not that of criticism. We recognize this as an honest effort, but we have to express the concerns that we feel as service providers are going to impact on our ability to continue to deliver the kind of service we have in the past.

Mr. HAYES. Let me suggest that we have come to the point of the end of this hearing. We have been benefitted by what amounts to excellent testimony. Might I announce now that the record of this Committee will be kept open for 10 days, and if there are additional written statements to be submitted, it will go into the record of this hearing, it we get it in within that 10 day period.

I did want to mention a couple of things, which I am not soliciting a response to, that seem very prevalent in your testimony, Mr. Giblin, which is not only true in terms of Federal funds allocated for this program, but we find it to be a problem with other programs; I think specifically of HUD.

You mentioned that "A subsidy that equals 50 percent of the wages paid to JTPA participants hired by the employer. This program is often abused by employers. According to the GAO, approximately 60 percent of all on the job training employers say they would have hired the JTPA participant without the wage subsidy," and we found out that they used some of the money in the wrong fashion. Of the employees surveyed, only 66 percent of the adults, and 48 percent of the youth were retained after the on the job training, so that means they did not get a job, anyway.

Now, you also mentioned that JTPA money intended for the unemployed and disadvantaged workers was used to subsidize Japanese automobile manufacturers. This I know is wrong. I do not

know if the proposed legislation corrects this, but I would suggest that we continue to work in the direction; to correct the abuses where money being used is appropriated—you talk about additional funds. We have got to make sure, and I do not know how you monitor it, or who monitors it, that it is used for the purpose it is being appropriated.

I hate to see situations, for example, where an employer is supposed to come up with 50 percent of the money for on the job training and do not come up with it, yet that creates a greater drain on the amount of money to come from the Federal Government for that training purpose. On the other hand, I do not think the Japanese, under any circumstances, need subsidization of funds from our government. It is already to short. So, I would just want to close by saying thank you. I wanted to underscore those two points. I certainly think they are valid, and we ought to do what we can to correct these abuses.

We have got people who have no sensitivity at all, in the halls of Congress, to be very honest, to the needs of poor people. It is hard to convince some of our people, as you must know, that people who are out of work, who are undertrained; either they do not want to go to school; they dropout for one reason or another, on their own volition; and they do not want to work. They relax on that kind of view. I want to thank you. You had your hand up?

Ms. Cox. Congressmen, one final statement. Some people are concerned on the First Congressional District Educational Task Force. They spend a lot of time in and about this city and its schools. There are places all over this city, where I could take any of you today, and you will see 13, 14-year olds standing on the corner selling drugs. This is the new job market for our children, and here we are, trying to do Noriega in, and we have set up a situation that has made it almost absolutely imperative for our children to go out on the street, and sell drugs. And some of these kids are raking in——

Mr. Hayes. Ms. Cox, I suggested in the beginning that you may have additional remarks. You can combine it into a statement, and submit it for the record, and it will be included on the record. Thank you very much.

Ms. Cox. I apologize for becoming so emotional.

Mr. Hayes. All right.

[Whereupon, at 12:05 p.m., the committee was adjourned.]

City of Chicago
Richard M. Daley, Mayor

Mayor's Office of
Employment and Training
Mary Gonzalez Koenig
Assistant to the Mayor

Suite 2-A
510 North Peshtigo Court
Chicago, Illinois 60611
(312) 744-8787
FAX (312) 744-7963

RECEIVED

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January 29, 1990

Honorable Charles A. Hayes
U.S. House of Representatives
1028 Longworth House Office Building
Washington, D.C. 20515-1301

Dear Congressman Hayes:

It was my pleasure to testify before you at the House Education and Labor Committee hearing on the Job Training Partnership Act Amendments, which you brought to Chicago. I deeply appreciate your efforts to support federal job training programs which are so important to the disadvantaged residents of our city.

As we discussed, I am providing some information which should help clarify statements made in the testimony of James Compton, president of the Chicago Urban League, who also testified at the January hearing. Mr. Compton, drawing from an August 1988 study on JTPA in Metropolitan Chicago, said in essence that Black participants are heavily channeled into youth competency programs and are underrepresented in OJT programs.

In the specific instance of OJT, the Black to White participant ratio is 9 to 1. Of the total number of White JTPA program participants in the program year ended June 30, 1989, 26% were enrolled in OJT compared with 17% of Black JTPA participants. In absolute numbers this means that 1,462 Blacks were enrolled in OJT and only 155 Whites.

As you know, assignments to training activities are based on individual needs and circumstances. For reasons why there are proportional differences between groups in the various training activities, one has to look beyond the single characteristic of race, which the Urban League study did not attempt to do.

For example, Black participants in Chicago's JTPA program have been younger than Whites. Forty-nine percent of Black participants in the last program year were 21 or younger, compared to only 30% of Whites. A high proportion of persons in this age group are in-school or need to obtain their GED.

OJT is an inappropriate activity for such persons. Many OJT employers insist on a high school diploma, and two thirds of White participants had high school diplomas last year, compared to 56% of Blacks.

As far as youth competency programs are concerned, it is not surprising that most of these outcomes accrue to Black participants - 80% of all in-school students enrolled in Chicago's program are Black. But by no means is it fair or accurate to suggest that Black teens have been excluded from an opportunity for an initial experience of the world of work through JTPA. More than 85% of young persons enrolled in our try-out employment program last year (a component that provides a subsidized work experience in the private sector) were Black.

Chicago's program has maximized access to JTPA services for all city residents through a decentralized network of over 100 citywide and community-based providers. The idea is that more "gates" into the system will increase opportunities for people to participate. One important provider of services has been the Chicago Urban League. This year the Urban League was awarded service contracts worth nearly $900,000. Its largest contract, for over one half million dollars, is in fact for the OJT activity.

It is particularly noteworthy that the Illinois Department of Commerce and Community Affairs (DCCA) released its own study of differential outcomes in JTPA shortly after the Urban League study, in November, 1988. DCCA found similar outcome differences between various participant groups, but those differences were attributed mainly to experience, skills, or educational background of persons entering the program, undercutting the allegation that race alone is the salient factor.

Neither did the Urban League study mention the role of factors beyond the control of JTPA that contribute to wage and placement differences, such as the performance of the public education system, the continuing existence of housing

segregation, and differential access to suburban labor markets. JTPA is only part of the picture, and it is only part of the solution.

Since the beginning of the program in Chicago, Blacks have held a commanding share of participant slots. In the year-round program, the largest JTPA program MET operates, Blacks have represented at least two thirds of all participants in each and every program year.

Your stalwart and heartfelt commitment to employment and training programs like JTPA set an example we should all follow. I look forward to your continuing support and sincere concern.

Sincerely,

Mary Gonzalez Koenig

Mary Gonzalez Koenig
Assistant to the Mayor
Employment and Training

MGK/gs

cc: Honorable Richard M. Daley
James Compton

SULLIVAN HOUSE — Child Welfare Agency
7306 SOUTH CLYDE AVENUE
CHICAGO, ILLINOIS 60649
(312) 324 5014

MARTIN BOGAN
President, Board of Directors
JANICE GREER
Executive Director
ALAN G. HIRSH
Assistant Director

January 11, 1990

Representative August Hawkins
Job Training Partnership Act Hearing
Dirksen Federal Building
219 South Dearborn Street
Chicago, Illinois

Dear Mr. Hawkins:

Due to the history of inadequate public schools in Chicago there are thousands of young adults who will not be able to find and hold jobs without more education. Currently JTPA funds are going to many small diverse programs that offer basic skills in reading and math education, job readiness training, and/or specialized vocational training. These programs serve poverty level young adults and show a good success rate.

We would like to see:

1) More programs located right in the neighborhoods of the south and west sides of Chicago where the highest drop-out rates exist.

2) Programs funded so they can retain these young adults for one or two complete years. This will enable students to make enough progress so they can succeed at entry level jobs, community college, or further vocational training.

3) Funding to serve the children of the working poor. Many of these youth have the motivation and discipline to enter the work force, but once they dropped out of school all avenues of progress closed to them. As their parents don't have the funds for private education JTPA should be available for them.

We would welcome an opportunity for our staff and students to talk with one of your aides about ways to improve program quality and accounting methods.
You can reach me at 312-684-7666. Thank you for your attention to this letter.

Sincerely,
Meryl Domina
Meryl Domina
Program Director
Sullivan House Alternative School

Edolie L. Rushing
Sullivan House
7237 S. Chicago
Chicago Ill.

Representative Augustus Hawkins
Dirkson Federal Building
219 S. Dearborn
Chicago Ill.

Dear Mr. Hawkins
I am in a J.T.P.A funded basic skills program. I couldn't get along in public school. This program is helping me get my education so I can get into the army. Please continue to fund J.T.P.A programs.

Sincerly Yours:
Eddie L. Rushing

1/10/70

Representative Augustus Hawkins
Durksen Federal Building
219 S. Dearborn
Chicago, Ill

Dear Mr Hawkins,

The reason why I'm writing you this letter is to tell you how thankful I am for your help with my education, by sending funds to different schools who need your help, And I think if this stops a lot of people will be out of job education and skills education. So I'm asking you, can you please keep the JTPA funds.

Thank you
Sincerely,
Joseph R Jacobs

1/10/90

Representative - Augustus Hawkins
Dirksen Federal Building
219 S. Dearborn
Chicago, Il.

Dear Mr. Hawkins,
My name is James L. Bailey and Im a student at Sullivan House alternative Highschool funded by your J.T.P.A. programs. This school is very important to me and my future. For the main purpose is that its given me the opportunity to have job training and basic education. And Im just writing to let you know just how important this program is to my future.

P.S. Thank you for your funding and consideration.

Sincerely
James L. Bailey II

Marjorie Dubreuil
Sullivan House-Student
January 10, 1989

Representative Augustus Hawkins
Dirksen Federal Building
219 South Dearborn
Chicago, Illinois

Dear Augustus Hawkins,

I am a part of the JTPA program. I attend Sullivan House alternative High School and as a student I feel you should continue this program for students.

The program helped me in many ways. Not only they taught the basic needs, they also gave me skills that will give me a job and a continuation of a college education.

Sincerely yours
Marjorie Dubreuil

Representative Augustus Hawkins
Dirksen Federal Building
219 S. Dearborn
Chicago, IL

Dear Mr. Hawkins,

I am a part of a JTPA program. I would like to ask for money to keep the program going. I'm a student at Sullivan House and the program is wonderful. The basic skills will help me get a job.

Truely
Katrina Stepper
7239 S. Ridgeland
Chicago IL 60649

1-11-90

Representative Augustus Hawkins
Dirksen federal Building
219 S. Dearborn
Chicago ILL.

I am a full time student at Sullivan House west and the STPA program is funding our School. I think the program is very important, because it gives me a chance to learn basic skills that will, Hopefully, help me get a job And move along with my life

I have a lot of friends who really need to get in School And i hope they can learn the good way that I am, and dont mess up their life.

Sincerly yours
Tehron

1-11-90

Representative Augustus Hawkins
Dirksen Federal Building
219 S. Dearborn
Chicago, Ill

Dear: Mr. Hawkins,

I'm a student attending Sullivan House, where they teach us basic skills and job readiness. Our program is funded by J.T.P.A money. This program is important to me, because it helps me prepare for a job and adult responsibilities. I also think these kinds of programs will help people who drop out of school. It would be very nice if there were more of these programs, because you need a diploma to get a head start to get a successful job.

Sincerely,
Zuiara Tipton

1-11-90

Representaive Augustus Hawkins
Dirksen federal Building
219 S. Dearborn
Chicago Ill.

Dear Mr. Hawkins,

I am a fulltime student At Bullivan House School. I like my School very much. Because they teach Basic skills of education and how To get a job. Without the J.T.P.A Program some People would be on the Street or on Drugs. But this program Gives the black people a good chance for an education.

Sincerely
Larry Bruce
1449 E 79 Pl
Chicago Ill 60619

6209 S. King Dr. Apt. 16
Chicago Ill. 60637

Representative augustus Hawkins
Dirksen federal Building
219 S. Dearborn
Chicago, Ill.

Dear Mr. Hawkins,

I'm writing this letter about the JTPA funded programs I think this is great because I am learning the basic skills. I wish there were more programs like this one.

Sincerly yours
LaVern Roberts
LaVern Roberts

City of Chicago
Richard M. Daley, Mayor

Department on Aging
and Disability

Donald R. Smith
Commissioner

510 North Peshtigo Court
Chicago, Illinois 60611
(312) 744-4016 (Voice)
(312) 744-6777 (TDD)

January 19, 1990

The Honorable Augustus F. Hawkins, Chairman
House Committee on Education and Labor
2371 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Hawkins,

Thank you for providing this opportunity to submit a written statement to be entered into the official record of the January 12, 1990 Job Training Partnership Act (JTPA) field hearing in Chicago which you chaired.

The Department on Aging and Disability remains committed to the delivery of meaningful and effective job training services for older workers and persons with disabilities. Our track record over the past six years bears witness to the fact the program works. The Department has successfully trained and placed more than 2100 older workers (over the age of 55) in unsubsidized jobs, this represents a placement rate of 51% of the older persons enrolled in our Title IB-O JTPA program at an average cost of $2325 per placement.

In addition, the Department has managed a Title IIA program to serve persons with disabilities who are between the ages of 16 and 64, and persons age 45 to 54. In the Title IIA program, more than 1300 enrollees, including 974 persons with disabilities found jobs in the private sector after receiving JTPA services. The placement rate for the Title IIA program has been 65%, at an average cost per placement of about $2400.

These results were made possible in good part by the implementation of performance based contracts which linked reimbursement to the attainment of specific goals or benchmarks such as completion of training, placement in a job, and retention in a job for a specified period of time. Performance based contracts provided the needed incentives to the training agencies to develop high quality and effective curricula which would prepare enrollees for the highly competitive job marketplace.

WORKS

Page 2
Letter to Congressman Hawkins
Re: Job Training Partnership Act
January 19, 1990

The Department on Aging and Disability supports the retention of the Title IB-O Older Workers program or the expansion of services to older workers though the establishment of a requirement for Service Delivery Areas to target 5% of the services and dollars to older worker programs, and retention of the performance based contract requirements.

I look forward to continuing our work together to improve programs and services to the elderly and persons with disabilities.

Sincerely,

Donald R. Smith
Commissioner

DRS/DM:dmm

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City of Chicago
Richard M. Daley, Mayor

Department on Aging
and Disability

Donald R. Smith
Commissioner

500 North Peshtigo Court
Chicago, Illinois 60611
(312) 744-4016 (Voice)
(312) 744-6777 (TDD)

Statement by Donald R. Smith, Commissioner
Department on Aging and Disability

ON AMENDMENTS TO THE JOB TRAINING PARTNERSHIP ACT

JTPA Field Hearing Conducted by
House Committee on Education and Labor
219 S. Dearborn Street
Suite 2525
Chicago, IL
January 12, 1990

The City of Chicago Department on Aging and Disability is the municipal department responsible for planning, coordinating and advocating for services for the elderly and persons with disabilities in Chicago. Since 1974, the Department has also served as the federally designated Area Agency on Aging for the City of Chicago receiving federal funds to administer programs under the Older Americans Act of 1965. The Department has also managed manpower programs funded through the Job Training Partnership Act (JTPA) since 1983 and through its predecessor, the Comprehensive Employment and Training Act (CETA) from 1976 to 1982.

The Department on Aging and Disability strongly supports efforts to expand job training services for the elderly by replacing Title IB-O of the Job Training Partnership Act with a mandate that Service Delivery Areas (SDA's) ensure that 5% of the Title IIA participants be age 55 or older, and at least 5% of an SDA's allocation must be spent for older worker programs as proposed in the Senate Labor Committee amendment to S.543. Alternatively, if it is not feasible to expand job training opportunities with such mandates, then we strongly urge Congress to retain the Title IB-O 3% set-aside for older workers because it is the only way that older workers who must overcome significant social/attitudinal barriers to finding work in the private sector can be assured of gaining access to job training that will improve their chances to compete for and obtain jobs.

As an example of the success of the national Older Workers program, I would like to note that during the five and one-quarter year period ending June 30, 1989, the Department has enrolled over 4,200 older persons in the various Program components (classroom training, on-the-job training, and pre-employment training). Of these, nearly 2,150 or 51% have been placed into unsubsidized jobs at a total cost of under $5 million, which translates into $2,325 per participant placed into an unsubsidized job or $1,237 per person enrolled. In the past 4 years, the Department has placed nearly 64% of the older persons enrolled in the program. In Program Year 1988, which ended June 30, 1989, seven out of ten enrollees found jobs.

Since November of 1983, the Department has also administered a Title IIA program to provide services to persons between the ages of 16 and 64 with disabilities and persons age 45 and 54 who are economically disadvantaged. During this period, the project enrolled 2,071 individuals of whom 1,532 were persons with disabilities. Of these 2,071 enrollees, 1,341 were placed in unsubsidized jobs including 974 placements for persons with disabilities. In the Title IIA program, over 65% of the enrollees found jobs in the private sector following JTPA training (64% of the enrollees with disabilities were placed in unsubsidized jobs after JTPA services.) Over the course of these past five years, the cost per placement has been about $2,400.

The Department is aware that there has been a problem in the past with underspending of Title IB-O funds in some states, especially

in the initial start-up period. However, a more complete analysis of the spending and activity level of the Title IB-O program nationally will mirror the local experience our agency has had with this program where the placement rates and spending levels have consistently increased year by year.

As this nation's population continues to age, it is important that programs such as Older Worker Training continue to receive full funding to make services available and accessible to the elderly who have a great deal of experience and ability that is under-utilized in the current job marketplace. By the year 2010, more than one-fourth of the population of the United States is expected to be age 55 or older and one-seventh of the population will be over the age of 65. Research studies indicate that three-fourths of the labor force would prefer to continue some kind of part-time work after they retire. Older persons who seek to return to the labor force must come to grips with a myriad of problems/concerns. Some of these issues include whether they are too old or perceived to be too old to be trained or retrained, whether they can compete with younger job applicants and do they have or are they perceived as having physical limitations? Job skills training or re-training, development of technological skills such as familiarity with computers and newer types of machinery, and sharpening of language skills are as important for the older worker re-entering the work force as for other classes of persons who face barriers to employment and are served by JTPA (minorities, persons with limited English language abilities and youth).

Another area of deep concern to this Department in the legislative proposals to amend the Job Training Partnership Act is the recurring theme of replacement of the performance based contracting. The Department on Aging and Disability strongly urges the continuation of performance based contracts for job training services for adults because it is the only way that results, translated as placements into and retention at jobs after training, can be guaranteed. Performance based contracts provide the necessary incentives for private sector involvement in JTPA and place emphasis on attaining the goal of JTPA, i.e., preparation of economically disadvantaged persons for employment in private industry at a wage that fosters self-sufficiency.

We urge your continued support and efforts to maintain and expand services to older workers, workers with disabilities and the agencies that serve them as follows:

- Establish requirements for Service Delivery Areas to allocate 5% of funding and 5% of slots to older workers <u>or</u> retain the current Title IB-O 3% set-aside for workers age 55 and over
- Retain the existing provisions for performance based contracts

I look forward to continuing our work together on improving employment and training programs for older persons and persons with disabilities.

LOCAL 194 TECHNICAL TRAINING CENTER

3508 South Western Avenue
Chicago, Illinois 60609
(312) 523-1212

Mr. Jewel C. Frierson
Director

TESTIMONY

TO

THE COMMITTEE ON EDUCATION AND LABOR

UNITED STATES HOUSE OF REPRESENTATIVES

ON THE

JOB TRAINING PARTNERSHIP ACT
AMENDMENTS OF 1989 (H. R. 2039)

MR. AUGUSTUS F. HAWKINS, CHAIRMAN

JANUARY, 1990

Education, Training and Job Placement for the Dislocated and Unemployed
An affiliate of the AFL-CIO

LOCAL 194 TECHNICAL TRAINING CENTER

3508 South Western Avenue
Chicago, Illinois 60609
(312) 523-1212

Mr. Jewel C. Frierson
Director

Mr. Chairman, LOCAL 194 TECHNICAL TRAINING CENTER, through LOCAL 194 RETAIL, WHOLESALE AND DEPARTMENT STORE UNION (RWDSU)/ AFL-CIO, has been providing services to unemployed adults for over two years. The Union's efforts on behalf of the unemployed began with a focus on the plight of the thousands of Campbell Soup workers who were faced with the loss of work resulting from plant closing.

We support H.R. 2039, but agree with those who testified at the hearing on January 12 that the JTPA funds be distributed with a formula based 100% on disadvantaged and the level of schooling achieved or not achieved - i.e. "Targeting." We also strongly support the statements by others who suggested that the criteria for evaluating "successful" programs not be limited to whether everyone in a program was placed on a job. We believe that individuals who choose to stay in programs and educate themselves will, in the long run, be both more employable and also more contributing to the general good of the community. Thus they ought to be viewed as a "positive termination."

The LOCAL 194 TECHNICAL TRAINING CENTER works almost exclusively with the disadvantaged unemployed adult, both African-American and Hispanic. Our services include testing and assessment, pre-employment workshops on how to find and keep employment, and year-round classes in literacy and GED preparation. Our experience is that problems arise for many of those who appear to be job ready and spend only the minimum amount of time in class. They either don't qualify for jobs which pay a decent hourly rate or the individual does not sustain employment because deficiencies were discovered in their ability to read and comprehend simple instructions and procedures. For this reason, we have come to believe and support the idea that job preparation without long-term attention to the acquisition of basic skills in reading, writing and computation, in addition to vocational skills tied to the future realities of the job market, is a waste of program dollars and adds to the life-time frustration of the disadvantaged as to any hope for change in their future.

We urge the passage of the bill as we recommend it. Further, we urge the committee to lobby for additional funds so that small but significant service providers, like ourselves, can continue to provide help to those in need.

Education, Training and Job Placement for the Dislocated and Unemployed
An affiliate of the AFL-CIO

Chicago Area Project
Strengthening Chicago's neighborhoods
Helping Chicago's young people

407 S. Dearborn Street
Suite 1300
Chicago, Illinois 60605
(312) 663-3574

January 19, 1990

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Honorable Augustus F. Hawkins
Chairman
Committee on Education and Labor
U.S. House of Representatives
2181 Rayburn house office Building
Washington, DC 20515

Dear Chairman Hawkins:

The Chicago Area Project was pleased about the decision made by the Committee to allow additional written testimonies to be entered into the official record concerning the amendments (H.R. 2039) to the Job Training Partnership Act (JTPA).

The Chicago Area Project (CAP) was founded over fifty-five years ago as a new and exciting approach to remedying the old Chicago problem of crime provoked by the city's youth. In order to reduce juvenile delinquency, work in the neighborhoods started from the bottom up versus the traditional methods of working from the top down.

Today, CAP remains dedicated to improving the quality of neighborhood life in the communities with the greatest needs, with special focus on solving problems faced by young people and their families. Through direct service, advocacy, and community organizing community organizations are empowered so they can network together to improve neighborhood conditions.

The Chicago Area Project supports the amendments to JTPA in the initiative H.R. 2039. This initiative has far reaching implications to literally thousands of residents in the poorest communities

throughout Chicago and other urban areas. It is our belief that this will redistribute resources to the most neediest by changing the current formula.

At present this formula is based upon unemployment rates that tend to fluctuate often. It does not take into consideration the "hardcore unemployed workers" who may have been out of work for a number of years. Nor does it account for the thousands of youths that need but have never held jobs.

Each year in Chicago more than 15,000 young people drop out of school. Most are not returning nor going to community colleges, entering the armed forces or moving on to occupations with which they can support themselves. With out our immediate intervention several generations of youth will have very limited future prospects and most likely be dependent on some form of public assistance.

Further more due to the lack of job opportunities many of these same youth will become prime candidates for gangs, drugs, and other criminal activities.

Youth unemployment among inner city youth has been increasing approximately 5% each year. From 1985-88, Chicago lost over eight million dollars due to federal cuts relating to job training and employment programs. Even though three million dollars were restored to the State, Chicago received only one hundred sixty-six thousand dollars.

The Summer Youth Employment part of JTPA is as vital to the inner city as the year around Job Training portion. For many of the (14-21 years old) these jobs represent the only real opportunity to gain some employment experience. During this period youth are involved in job counseling and readiness workshops in order to prepare them for the job market. They learn what to say and how to be confident during interviews, how to dress for interviews, as well as in the workplace, how to prepare brief resumes, etc...

Upon getting the job, youths go through job orientation seminars. During this time, the importance of being on time having a positive work attitude, getting enough sleep and proper foods, following orders, working as a team as well as learning every aspect of their job is stressed.

We strongly feel that quality of the labor pool can greatly be improved by enhancing the skills of those who need it the most. According to a recent article that appeared in the Chicago Tribune on Sunday, December 31, 1989 titled "Chicago faces shrinking labor pool" Merrill Goozner talked about "labor quality becoming the No. 1 problem for the first time ever". In the same article Gary Orfield, a political scientist at the University of Chicago stated that, "We have a situation where in almost every dimension-colleges, junior colleges, public schools, vocational education-we're providing the worst set of opportunities for those who are at risk and who are a growing sector of the population" (see attachment).

In closing, the difficulties that today"s disadvantaged youth face in accessing the labor market will have grave consequences on this nation as a whole. When you have a large segment of the population that social scientists during the 1980s labeled the "underclass" not participating in the "American Dream" they will probable remain on the fringes of our communities.

Because we are in constant touch with those who are at the greatest risk, the Chicago Area Project supports your courage and efforts in helping to stem the tide of poverty.

Sincerely,

David Whittaker

David Whittaker
Executive Director

Illinois
Job Training Coordinating Council

Barry L. MacLean
Chairman

620 East Adams Street
Springfield, IL 62701

217/785-6017

January 12, 1990

Honorable Augustus Hawkins
Chairman, House Education and
Labor Committee
2371 Rayburn House Office Building
Washington, D.C. 20515-0529

Subject: Comments on H.R. 2039 presented at January 12, 1990 House Education and Labor Committee Field Hearing

Dear Congressman Hawkins:

Thank you for the opportunity to comment on House Resolution 2039, the Job Training Partnership Act Amendments of 1989. For ease of reference, our comments are organized into topical areas.

SDA Allocations

The Illinois Job Training Coordinating Council (IJTCC) strongly supports the concept of retaining service delivery area (SDA) allocation at the state level.

Areas of Substantial Unemployment (ASUs)

The IJTCC requests that the computation of areas of substantial unemployment (ASUs) be reviewed for the purpose of determining a uniform application of ASU designation to ensure equity among the states. States currently perform ASU computations using various geographic areas, e.g., counties, cities, parts of cities, census tracts. This has a direct impact on the distribution of the formula funds based on a state's excess unemployment factor.

3% Older Workers Program

The Council favors retention of the current 3% older workers program. As America's workforce ages, a special state set-aside to train and retrain older workers is imperative. We also favor the language in Section 203 of H.R. 2039 which requires that SDAs make special efforts to identify and serve an equitable number of individuals 55 years of age or older.

8% State Education Coordination and Grants Program

The IJTCC supports the retention of the eight percent State Education Coordination and Grants Program contained in Section 123 of the Job Training Partnership Act (JTPA). Historically, the emphasis of the Illinois State Education Coordination and Grants Program has been to fill gaps in programming offered through other

education, employment, and training activities. Communities must have jobs in which to place JTPA program completors, including the hard-to-serve. In Illinois, we have made a conscious decision to combine our JTPA efforts with the state's economic development initiatives to create, retain, and upgrade jobs with the private sector. A portion of the State Education Coordination and Grants set-aside supplements state and local efforts in this critical area. The remainder of the funds go to support educational activities to bring youth and adult to a level sufficient to succeed in other JTPA activities.

Eligibility for Services

The Council does not support the requirement found in Section 203 of H.R. 2039 that not less than 50 percent of the participants in programs in a SDA receiving assistance under Title II-A be individuals who have one of the following conditions:

- reading or math skills below the 8th grade level;
- a history of long-term dependency on programs of public assistance; or
- have a substantially limited or substantially unsuccessful work history. Although the Council supports targeting services to the hard-to-serve, we feel that percentages should be established in the local job training plan and approved by the Governor. The approach better accommodates local flexibility and targeting based on local need rather than federal mandate.

Title II-C Youth Services Program

The Council supports the creation of a year-round youth program as proposed in Title II-C, Youth Services Program in HR 2039. We also favor expanding the age range for youth to include those 14-21 years. As a matter of practice, most private industry councils in Illinois are serving 14-15 year olds under JTPA, recognizing the importance of dropout prevention strategies. The IJTCC does not support the Title II-C requirement that 50% of participants must be out-of-school youth. Although the Council supports targeting services to the hard-to-serve, we feel that percentages should be established in the local job training plan and approved by the Governor. The approach better accommodates local flexibility and targeting based on local need rather than federal mandate.

Although the Council supports targeting of youth program funds to areas with the largest populations of economically disadvantaged youth, we are concerned with the availability, of current and reliable data to support the proposed formula.

Cost Limitations to SDAs

For Titles II-A and II-C, the Council vigorously supports the twenty percent limit on administration costs and the forty percent limitation on administration and participant support (work experience, supportive services, needs-based payments). We applaud the Congressman's awareness of the dollars necessary to administer an effective employment and training program for the hardest-to-serve.

Honorable Augustus Hawkins
January 12, 1990
Page 3

Fixed Unit Price, Performance Based Contracting

The IJTCC supports the DOL Advisory position on fixed unit price performance based contracting within the JTPA system. This requires that all profits be channeled back into the JTPA system but does not require the identification of expenditures by cost categories under fixed unit price performance based contracts.

Performance Standards

Although the IJTCC supports performance standard acknowledging that adults attaining basic education skills is a positive outcome which can be rewarded through incentives, said performance standard should not, we feel, be available as a positive termination from JTPA. Rather, it should be an interim measure of progress. The Council feels that the only positive termination for adults in JTPA should be placement in unsubsidized employment.

Some Congressional staff, when consulted, indicated that this measure may be an appropriate outcome if JTPA were called upon to assist employers in upgrading the basic skills of their workers. In the event that this is the intent, the language of this section of the law should reflect that.

Uniform Reporting Requirements

The Council favors the mandate in H.R. 2039 requiring the Secretaries of Labor, Education, and Health and Human Services to identify a core set of consistently defined data elements for employment and training programs, including those funded under JTPA, the Wagner-Peyser Act, the Carl D. Perkins Vocational Education Act, and JOBS.

SJTCC Redesignation

Although H.R. 2039 does not contain language addressing the state human resource investment council (shric) concept, the IJTCC considers this issue to be extremely important. We realize many states do not have state job training coordinating councils that are as proactive as Illinois'. In those states, the state human resource investment council may be a needed stimulation to enhance coordination of job training, vocational education, and other training/education efforts.

Within our state, various employment training and services programs are operated with effective coordination procedures. Creation of a federally mandated state human investment council would, in all probability, not enhance our situation. We would prefer compromise language in the proposed JTPA amendments making the shrics optional; the IJTCC feels it should be the Governor's decision.

Title III Administration

The Council would appreciate it if you would amend H.R. 2039 to base the 15% Title III Administration cost limitation on funds available rather than expenditures.

Honorable Augustus Hawkins
January 12, 1990
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Longitudinal Study: Funding Formula

The Council would like to request that the USDOL consider a longitudinal study of current JTPA funding formulas and the resultant appropriations to ascertain impact on participants in need, administrative agencies, and the States. The purpose of said study would be to focus the national JTPA funding formula debate.

Thank you again for the opportunity to provide written comments on House Resolution 2039. If you have any questions, please contact me at 217/785-6017.

Sincerely,

Barry L. MacLean
Chairman
Illinois Job Training Coordinating Council

TESTIMONY OF SHIRLEY R. BRUSSELL

Executive Director of
Operation ABLE
Chicago

to the

House Committee on Education and Labor

January 12, 1990

Operation ABLE Ability Based on Long Experience

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YWCA of Metropolitan Chicago

Executive Director
Shirley R. Brussell

Honorable Augustus F. Hawkins and Honorable Members of the Committee on Education and Labor, U.S. House of Representatives, I am Shirley Brussell, Executive Director of Operation ABLE. My written testimony to you addresses the proposed legislative changes to the Job Training Partnership Act you are considering which impact older workers.

Operation ABLE - Ability Based on Long Experience - is a Chicago-based not-for-profit agency that serves the employment needs of individuals 55+. We do this through a coordinated approach of providing services to employers, to older job seekers, and to 35 different community-based agencies that are members of the Operation ABLE older worker network. We were founded in 1977 with a staff of three and a budget of $64,000 and today operate some 15 different programs with a staff of 60 and a budget of over $3 million. In the thirteen years of our existence over 50,000 Chicago area older job seekers have been served by ABLE and its member agencies, and nearly 5,000 of them were economically disadvantaged and served through ABLE's JTPA, and prior to JTPA, CETA (Comprehensive Employment and Training Act) programs.

Given that service record and the experience we have developed over the years in older worker training and placement programs, we are, understandably, disturbed by proposed legislative changes and Department of Labor recommendations which would eliminate the 3% set-aside for older workers in the Job Training Partnership Act.

Serving older workers and employers since 1977

21-276 O - 90 - 28

I am aware of the concern in Washington over past underspending in the 3% set-aside programs and the subsequent carry-overs which have amounted to a significant sum of money. I understand also some of the states' and service delivery areas' concerns about their inability to use these funds in other areas, if their older worker programs are underproducing.

The grim reality, however, is that underspending is not indigenous to 3% programs; indeed, it is occurring in other program areas as well. Of equal importance, is that in those areas where 3% underspending is a major problem, it is so because of a lack of desire on the part of the state and/or service delivery area to properly administer those programs. For instance, in those areas where states and service delivery areas have taken a proactive stance in providing technical assistance, particularly with program coordination, or sub-contracted to older worker agencies, the results are impressive.

To wit are Operation ABLE's experiences. In the four service delivery areas where we have been a JTPA service provider, we have served over 4,200 eligibles at an entered employment rate of over 60% with an average wage at placement of $6.01 per hour. By the way, the average age of our clients is about 58, so you see it is "younger" older workers who are being served by 3% programs. Important to note here also, is that while at times, we too, have had difficulty in spending all of our money, we have in the past six years expended over 86%, (over 90% average the past five years). On a statewide basis, Illinois' older worker programs have improved considerably as well, but worth noting is that the improvements were a direct result of the state's intervention in studying the 3% programs and providing technical assistance where and when needed.

While we are most familiar with our own JTPA experiences, through our national networking with eight other agencies that are modeled after us and for which we have served as a consultant, and another 400 older worker agencies we are associated with through our membership in the National Association of Older Worker Employment Services, we know we do not stand alone in our successes. In fact, we can point

to similar successes in:

* Arkansas ... where Arkansas ABLE as the statewide coordinator for 3% programs has spent nearly 100% of their state's 3% allocation every year since 1983. Their JTPA efforts have not gone completely unnoticed; indeed, in 1986 and 1987 they received regional awards from the U.S. Department of Labor; and, in 1988 were recognized by the White House and received one of the first ten JTPA presidential awards ever given. And, all of these awards were for 3% programs.

* Michigan ... where statewide spending for 3% programs now stands at 84% of plan. Michigan acknowledges that there were some problems in the start, but that through a thoughtful and vigorous process of management, technical assistance, and weeding out of bad performers, they now have a strong network of 22 providers who are committed to and capable of providing job training and placement services to older workers. A good example of such a provider is Project ABLE in Detroit which is in its last program year served 240 older job seekers achieving a 60% placement rate and an average hourly wage at placement of $7.10.

*California ... where the City of Los Angeles improved its 1984 entered employment rate of 34% to 85% in 1988. The City of Los Angeles credits the coordination and technical assistance provided by the LA Council on Careers for Older Americans to their six sub-contractors as being responsible for their 486% increase in placements.

* Texas . . . where Goodwill Industries in San Antonio, the Golden Crescent Regional Planning Commission in Victoria, and Project ReStart in Killeen, all report well above average placements rates for workers served by their 3% programs and spending which is occurring at almost 100% of plan.

* Missouri ... where the 55 Plus Older Worker Program in Kansas City exceeded its planned enrollment of 55 older workers by 39 for a total enrollment for 1988 of 94. Their 94% placement rate and their low cost of $859 per participant served has earned it two state awards for outstanding older worker program performance.

* Kansas ... where both the Older Kansans Employment Program of Manhattan and the Older Worker Project of Southeast Kansas in Chanute both reported above average placement and spending rates for 3% programs. Moreover, both of these agencies reported that in the year prior to their being funded - 1983 for the Older Kansasans and 1985 for the Older Workers Project - only eight people age 55+ had been served by Job Service offices. Last year the two agencies combined served 220 JTPA eligible older worker and another 500 non-JTPA older job seekers.

And these programs are just a small sample of the successful 3% older worker programs which abound throughout the country. It is clear that these programs, like us, have been successful. We are perplexed, therefore, that given the successes that have occured throughout the country, why the Congress or Department of Labor would consider cutting the programs rather than strengthening them by mandating both coordination and the provision of technical assistance. While we understand the thinking that more older workers conceivably would be served if they were "mainstreamed", we question that thinking because our experience, particularly under CETA when there was no set-aside, was that just the opposite was true. Older workers were grossly neglected and it was because of that neglect that the set-aside in JTPA came into being. We feel, therefore, that our fears are not unfounded in thinking that older workers will be overlooked if they are to be "mainstreamed" in adult programs. Furthermore, given the declining labor force participation rates of older people, particularly over age 60, and the Bureau of Labor Statistics projections for declining numbers of new entrants into the labor force, we find it extremely mystifying as to why the U.S. Congress or Department of Labor would seek to de-emphasize older worker employment, when in fact, they should be promoting it.

In conclusion, we strongly urge the members of this committee to give serious thought to retaining the full 3% set-aside for older individual programs in the Job Training Partnership Act. We feel that the vast improvements

that have been made to 3% programs since their inception warrant it, and that the sheer numbers of older economically disadvantaged individuals warrant it also. We further suggest that if any of you have reservations about the strength of each program, that you seek to strengthen the administration of the program, and not discard all of the programs lock, stock and barrel. Thousands and thousands of older economically disadvantaged individuals have been served through 3% programs and hundreds of thousands more are still awaiting to be served. Help us to help them by retaining the 3% set-aside for older workers.

Thank you.

Shirley R. Brussell
Executive Director
Operation ABLE

January 12, 1990

TESTIMONY
HOUSE OF REPRESENTATIVES
COMMITTEE ON EDUCATION AND LABOR
HEARING ON
JOB TRAINING AND PARTNERSHIP ACT AMENDMENTS
JANUARY 12, 1990

My name is Toni Preckwinkle and I am executive director of the Chicago Jobs Council. The Chicago Jobs Council (originally called the Chicago Jobs Coalition) was created in 1981 to advocate public policies and programs to create jobs for Chicago residents. The organization is a coalition of more than 40 organizations, including citywide civic groups, community-based organizations, social service agencies, women's organizations and minority groups.

Since its inception, the Chicago Jobs Council (CJC) has conducted advocacy programs to promote jobs for city residents. CJC later expanded its programs to include the employment needs of the poor and affirmative action for women and minorities.

Chicago is the largest SDA in the state, serving almost 10,000 economically disadvantaged residents annually, and the Chicago Jobs Council is the only network serving the providers of JTPA services in the city.

While we recognize and applaud your efforts to improve the quality of employment services, there are several key provisions of this legislation which we believe will have the opposite effect, that is, diminish both the quality and quantity of services, and perhaps even the number of service providers. There are two issues related to the legislation we want to bring to your attention today: eligibility requirements for applicants; and administrative requirements for providers.

In an effort to direct employment and training services to those most in need, income eligibility will no longer be sufficient. The new eligibility requirements will force providers to categorize poor folk into those who are worthy or unworthy to receive employment training services, based on whether or not they encounter one of the designated barriers. There are people in our programs who are in those hard-to-serve/at-risk categories, and others who are also at-risk, but do not fall into the categories outlined in the legislation.

The young people and adults in our programs today are deserving of service by virtue of their disadvantaged status alone. It would be far better to use proven methods such as bonus or incentive money to target services to those at-risk, rather that to attempt to get at this issue through eligibility.

There are also a number of administrative issues which concern us. As proposed, testing and evaluation of program applicants to determine whether they are indeed hard-to-serve could be overwhelming. This program already requires a great deal of paperwork and these requirements, without compensation for provider costs, will be an additional burden.

Also, by using language which discourages fixed-unit price contracts, the focus is shifted from outcomes to process. A provider who is paid for outcomes needs flexibility in deciding how to allocate the money. However, if assurances that funds are expended according to particular line-items and on specific functions is more important, it is not possible to "guarantee" outcomes. If this proposed change reflects a concern for abuse and misuse of funds, then the procurement process is where the scrutiny is needed.

Many of us found the formula change which was proposed, with its increased funding for areas such as Chicago, with its large population of disadvantaged residents, very attractive. Now that the fate of the formula change is an open question, we feel that it would be better to begin again with new legislation, rather than try to "fix" this bill.

Thank you.

ILLINOIS STATE BOARD OF EDUCATION
100 North First Street • Springfield, Illinois 62777-0001

Thomas Lay Burroughs
Chairman

Robert Leininger
State Superintendent

January 19, 1990

Representative Charles A. Hays
1028 Longworth Office Building
Washington D.C. 20515

Dear Representative Hays:

Thank you for the opportunity to submit testimony for the record on the January 12, 1990 Hearing on H.R. 2039. The attached position statement was developed by Education and Training officials from twenty-three states.

Sincerely,

Bradley A. Woodruff, Manager
Job Training Section
Department of Adult, Vocational
and Technical Education

Enclosure

POSITION STATEMENT

OF

STATE EDUCATION AGENCY REPRESENTATIVES

ON

AMENDMENTS TO THE JOB

JOB TRAINING PARTNERSHIP ACT (P.L. 97-300)

September, 1989

Introduction

This position statement is intended to provide a summary of various professional views concerning amendments to Public Law 97-300, the Job Training Partnership Act (JTPA). Representatives of state education agencies (SEAs) have conducted an intensive review of the purposes, outcomes, and proposed changes for that portion of JTPA legislation which allows the Governor to retain a portion of Title IIA of each state's JTPA allotment for state educational programs. While commendable in their intent, current proposals before the Congress to amend the JTPA legislation could be improved. Further, appropriations should be increased to meet the demands for serving targeted populations specified in the proposed amendments.

Recent Reports

A report recently released by the National Center for Research in Vocational Education (1989) summarizes the use of the 8-percent set-aside for SEAs. In its introductory statements the National Center report notes:

> "Given the almost complete lack of information on the effectiveness of different education and training programs in promoting employment for their students and clients, there is no strong evidence at this point to justify many of the most thorough proposals to revamp the coordination requirements in either the Perkins Act or JTPA." (pg 4-5)

Researchers for the National Center note the importance of maintaining a set-aside of the state's basic training allotment to allow SEAs to continue their role in coordinating education and job

training programs. The National Center's report concludes as follows.

> "Overall, however, our interviews produced a general agreement at both the state and local levels that the 8-percent funds have stimulated progress and experiments that would never have been established without this set-aside. A variety of institutions, including adult schools, high schools, community colleges, and technical institutes, have participated in JTPA that would never have otherwise come into contact with the job training system. . . ." (pg.19)

Other recent reports have addressed the important need to improve the acquisition of basic and technical skills for new and existing workers. Reports such as the American Society for Training and Development's Workplace Basics: The Skills Employers Want and the JTPA Advisory Committee's Working Capital: JTPA Investments for the 90's make it clear that the nature and character of the job training system must provide for quality education and training. To be sure, America's future will depend in large part on the preparation of workers--many of whom will not attend college.

The sum and substance of these reports, and others, encourages the states' education community to continue its' upward trend of more rigorous study of the basics, e.g., reading, writing, mathematics. Clearly, SEAs must continue to play a key leadership role to effect significant educational gains for students--including JTPA clients.

Unique Features of the 8-percent Program

In their deliberations, SEAs have identified several unique features of the current JTPA 8-percent set-aside. Several examples are provided to illustrate the use of the 8-percent allotment.

1. State education agencies have used the 8-percent set-aside to leverage funding from other sources. In Wisconsin, 8-percent funds have been supplemented with funding from the Carl D. Perkins Vocational Education Act, vocational rehabilitation, adult basic education, welfare, and other programs to pilot four Job Centers. The Job Centers promote "one stop shopping" for education and training services. Also in Wisconsin, JTPA 8-percent funds are used as a catalyst to bring about institutional change in how schools serve at-risk youth. In Florida, 8-percent funds have leveraged more than $22 million dollars from other federal and state sources. Notably, a substantial number of states are using 8-percent funds to keep at-risk youth in school which creates income for the school by increasing their average daily attendance.

2. State education agencies have played a key role in brokering educational technology for local service delivery agents. Nebraska and Tennessee have used local community colleges to establish assessment centers for JTPA client intake and assessment. Iowa and Oklahoma have used 8-percent funds to support unique educational programs in their states' correctional facilities. Michigan's Family Employability Development materials are being used to improve family literacy. Minnesota will provide customized training and educational services through satellite to the state's 17 Service Delivery Areas.

3. State education agencies have used 8-percent funds to support the states' educational reform initiatives. More than 45 state legislatures have instituted wide-ranging educational reforms to improve the nature and character of the states' educational systems. In Arkansas, students who do not pass the new state competency examination are served in a special program to remediate their deficiencies. The 8-percent set-aside funds are used to support Arkansas' priority to assure that their youth successfully complete their high school education. Similar efforts are underway in Florida and Texas. Virginia's set-aside has been used to develop and implement a computer assisted instructional program to remediate basic skill deficiencies.

4. State education agencies have pioneered experimental educational programs which serve as a feeder system for the much larger Title IIA program managed by service delivery agents. Illinois' special program to provide basic and technical skills to public housing residents illustrates this unique feature of the JTPA 8-percent set-aside. Many disadvantaged youth who were served in

> this program are now being served with funding from the Mayor's Office of Employment and Training, the Chicago SDA. Arizona has used set-aside funding to remediate basic skill deficiencies for criminal offenders preparing them for work in the state's technical centers. When released these clients are served by local SDAs. In New York 8-percent funds have been combined with vocational education, adult education and state funds to establish more than 30 on-site child care centers at locations where welfare recipients receive literary and occupational training.

These examples are by no means all inclusive. SEAs have identified hundreds of examples where educational policies have been modified to benefit JTPA clients.

An Established Infrastructure

The Congress has contributed to the development of education and training services for the states' youth and adults. The Congress wisely established an infrastructure through Public Law 97-300 which allows for a direct, active relationship between that state education agency, the state human resource development agency and local service providers. That infrastructure allows the SEA to leverage vocational education and adult education funding to benefit JTPA clients.

State education agencies are by their very nature involved in interactions between the local school and JTPA communities, e.g., administrators, teachers, ancillary staff, parents and community members. State representatives have been instrumental in altering instruction, curriculum, assessment, and administration to accommodate the unique needs of JTPA clients.

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Comments on the
Job Training Partnership Act Amendments

Testimony Presented
to the House Education and Labor Committee
Hearing

Honorable Augustus F. Hawkins, Chairman
Honorable Charles Hayes, 1st District, Chicago, Illinois

Chicago, Illinois
January 12, 1990

Talmadge C. Guy
Associate Vice Chancellor
for Basic and Continuing Education
City Colleges of Chicago

1 1 Introduction

2 Good morning. Mr. Chairman, Honorable Congressman Hayes, members of the
3 committee. My name is Talmadge Guy and I am pleased to be able to share with
4 you some comments concerning the proposed changes to the Job Training and
5 Partnership Act. I currently serve as Associate Vice Chancellor for Basic and
6 Continuing Education at the City Colleges of Chicago. This morning I am
7 representing Dr. Nelvia Brady, Chancellor of the City Colleges.

8 Over the past several years, from time to time my responsibilities have included
9 working with staff at the Mayor's Office of Employment and Training to develop
10 coordination agreements related to basic skills and job training programs. Beyond
11 this, I've had 16 years experience in the field of employment and training
12 programs in various roles -- first for a community organization and then for the
13 City Colleges of Chicago. My experience, with a community organization and
14 then with a community college system, provides me with a unique perspective
15 into some of the issues related to JTPA programs.

16 In addition, several of the City Colleges of Chicago have provided programs and
17 services under JTPA. Consequently, our experience in serving not only JTPA
18 clients but also welfare recipients and other "disadvantaged" groups provides
19 the leadership of the City Colleges with an important perspective into the problems
20 of serving the hard-to-reach, hard-to-teach, and hard-to-employ.

21 I would like to begin by giving some background information about the City
22 Colleges.

23 2 Students, programs, and services of the City Colleges

24 The City Colleges of Chicago is the community college district for the city of
25 Chicago. It is one of the largest comprehensive community college districts in
26 the nation. The City Colleges of Chicago is comprised of eight colleges, three
27 learning centers and a technical institute which are strategically located throughout
28 the city.
29 As a comprehensive community college, City Colleges offers not only Associate
30 of Arts, Science and Applied Science degrees, but short-term vocational training

1 programs, continuing education classes, community service programs, specialized
2 programs for business and industry, as well as literacy, basic skills, high school
3 completion, English as a Second Language, and G.E.D. classes.
4
5 The enrollment for the Fall semester of 1989 was approximately 93,500 students.
6 Of this number,
7
8 31,500 enrolled in college programs and courses,
9 30,000 in non-credit continuing education classes, and
10 32,000 in Basic Education, ESL, GED,
11 Alternative Schools and Vocational Skills programs.
12
13 This number does not include 3,100 students in the evening high school program,
14 student in programs not on the regular semester schedule or military students
15 served under federal contracts.
16
17 Our student population is
18
19 • 40.4% Black,
20 • 22.2% White-non-Hispanic,
21 • 27.3% Hispanic,
22 • 9.1% Asian/American Indian.
23 • (1% undefined)
24
25 In addition,
26
27 • 7 of 10 student are beyond traditional college age (18-21);
28 • almost half are over 30.
29 • 7 of 10 are enrolled part-time
30 • 6 of 10 are women
31 • 4 of 10 attend in the evening

- half do not receive financial aid or other assistance
- 1 in 50 attends from outside of Chicago
- 1 in 100 is a foreign student on a special visa

The student body served at the City Colleges is representative of an urban environment and is ethnically, culturally, racially, linguistically, economically, socially, and educationally diverse. At the City Colleges we confront the real problems serving students in need of education and training everyday.

3 CCC Relationship to JTPA

The City Colleges has offered employment and training programs for a number of years and has been involved with JTPA since its implementation. Currently, our involvement includes programs and services offered under the auspices of the state and local Service Delivery Areas, the state of Illinois and the city of Chicago.

3.1 Involvement on the Private Industry Council

The Chancellor of the City Colleges is represented on the PIC and has an opportunity to provide input into the development of the local JTPA plan.

3.2 Coordination Agreement

In addition, CCC has a coordination agreement with the Mayor's Office of Employment and Training that provides for joint planning of activities and the referral of MET's clients to City Colleges for services provided by the colleges.

3.3 Funding and Programs

In FY 89, the City Colleges of Chicago received JTPA funds from the Illinois Community College Board and the Illinois State Board of Education for the following program areas:

- a Career Access Center
- two Early School Leavers programs

- a program for Single Parent Homemakers
- the summer youth program

CCC receives JTPA funds from the Mayor's Office of Employment and Training for the Summer Youth Employment and Training Program and a Pre-employment Training program for adults.

The amount of funding in FY 89 for these services totalled $475,000.

Additionally, the City Colleges of Chicago has provided basic skills classes at MET intake centers to more conveniently serve JTPA participants. CCC has also provided assistance to MET in its early warning plant closing system. On a call basis, we have conducted testing and assessment of employees at these plants and provided basic skills, GED and job skills training for them.

4 Issues

4.1 Overview of CCC's student population and JTPA

As the community college system serving a large, urban, culturally, ethnically, and racially mixed city, the City Colleges of Chicago is in a unique position to understand the problems and issues that confront education and training programs serving an urban-based clientele. Many of our students who enter programs on an open enrollment basis are no different than the clientele served through JTPA programs. My comments today issue from that fact.

4.2 Eligibility criteria

Some of the amendments to the JTPA legislation involve changes to the eligibility requirements for youth as well as adults. These changes involve adding additional elements to eligibility criteria such as long-term unemployment, poor work history, welfare dependency etc. The purpose of these requirements is to make JTPA programs more accessible to hard to reach and hard to employ participants.

However, the additional requirements could eliminate a segment of the participant population that is only economically disadvantaged. In Chicago, there is a significant number of people whose eligibility would be affected by this. The elimination of these individuals from the target population would have an adverse impact on services provided through JTPA. The target population should be expanded, not shifted from one group to another.

4.3 CCC basic skills and job training programs

Our experience in the City Colleges of Chicago strongly indicates that short term (ten weeks or less), job-specific programs that lead to immediate employment are very successful. Placement in these programs averages 60 to 70 percent. However, attrition rises as the length of the program increases and negatively affects final placement rates.

The reason for this is that the trainees are motivated enough to want to enroll but have problems that affect their retention in longer programs. Child care, housing, food, clothing, and health issues (including substance abuse) are on-going factors that affect the hard-to-reach, hard-to-teach, hard-to-employ while they are in training. The longer the program length the more critical these factors become.

Without recognizing and compensating for these factors, this population -- the chronically unemployed, the very poor, the welfare dependent -- will continue to be underserved in job training programs.

4.4 Performance standards

This point leads directly to the question of performance standards. The proposed changes for performance criteria should take into account the difficulty in serving individuals with several barriers to employment. Programs designed to serve this group effectively will lead to higher costs per participant and longer times between initial enrollment and final completion and placement.

Current estimates indicate that over 800,000 adults in Chicago read below the eighth grade level. Most job training programs require at least a seventh or eighth grade reading level for admission.

Participants who read at the fifth or sixth grade level may need as long as a year or more of full-time preparation in order to complete the GED. Even if programs are organized in such a way that GED preparation and job-training can be taken concurrently, enrollment durations are certain to lengthen. For non-readers and/or marginal readers, a significant segment of the adult population, the time needed to complete a program is even longer.

Recognizing that current performance criteria levels, which have contributed to the widely recognized "creaming" effect, provide incentives to programs to reduce costs and ensure early placement, new performance criteria should incorporate standards related to the harder-to-serve group. Performance standards should include the attainment of formal, pre-determined levels of achievement, such as the GED or other skill competencies in addition to placement.

4.5 Coordination of existing programs and services with JTPA

In addition CCC and community colleges have a wide array of existing programs in which JTPA participants could enroll. Longer term programs could take advantage of services provided by community colleges.

Existing community college occupational/technical certificate, or even degree programs, that are relevant to the labor market priorities established by the Private Industry Council, could be extensions to entry-level JTPA job training programs. If coordination agreements between Service Delivery Areas and community colleges addressed on-going educational needs of successful JTPA program completers, existing community college programs could become a second-phase in the preparation of the participant for their continued success in the labor market.

1 JTPA supportive services would continue to be provided for any participant
2 who completed an entry level training program and decided to continue on in
3 a community college technical/occupational program after placement. The
4 point here is to increase the long term employablity of the client.

5 **4.6 Integration of basic skills and job skills programs**

6 The recent Department of Labor emphasis on basic skills in JTPA programs
7 was predictable and almost inevitable. One of the single largest demands on
8 any educational/training system is the need to address the basic skills deficits
9 of its students.

10 The City Colleges of Chicago has seen an increase in the number of youth,
11 age 16 to 24, who enter basic skills programs. Most often, these young
12 people are drop outs who decide to return to school because it is difficult to
13 get ahead without continuing their education.

14 In addition, English as a second language (ESL) has become the fastest
15 growing area in our basic skills program, accounting for over 50% of the basic
16 skills enrollment in FY 89. Even among ESL students, teachers increasingly
17 report the problem of native language illiteracy -- further complicating the
18 job of providing basic skills let alone entry-level job skills.

19 In order to effectively serve this population of literacy level students, it is
20 critical that literacy skills be emphasized and funded in JTPA programs. For
21 students at marginally higher skill levels, (fifth grade through eighth grade)
22 basic skills should continue to be incorporated into training programs as an
23 option to accelerate progress and sustain participant motivation. Few students
24 relish the idea of working their way through a literacy program. Almost
25 all are motivated by the expectation of a job with a salary or wage attached.
26 Integrating and/or combining basic skills and job training makes sense for
27 this target population.

4.7 Youth programs

While the City Colleges of Chicago primarily serves adults -- the average age of our student body is 27 -- an growing number of drop out youth age 16 to 24 enroll in the City Colleges in non-college level programs. Not counting college freshmen, over 11,000 youth enrolled in job skills and basic skills programs in the fall 1989 semester. Furthermore, in the summer 1989 youth program, the City Colleges served 490 youth. The summer program has provided worthwhile job experience for in-school as well as out of school youth.

The proposed changes in eligibility criteria for youth programs rightly identifies a need among at-risk youth. However, such additional eligibility criteria as parenthood, poor academic record, limited English-speaking ability, or welfare dependency should not exclude those who are economically disadvantaged from the work experience program. It is not likely that economically disadvantaged young people who do not have any other identifiable barrier to employment can find meaningful work experience without the opportunities available through the summer program.

5 Recommendations

Based upon the foregoing, I have recommendations to make in four different areas:

- performance standards
- coordination with existing community college or other programs
- youth programs and,
- eligibility criteria

5.1 Performance standards

Performance standards take into account the longer training time needed to effectively serve the harder to reach, harder to teach, harder to employ population. Consequently, performance benchmarks other than placement should be required as part of the JTPA plan.

5.2 Role of community colleges as a second phase of training for JTPA completers

Transfer and/or technical/occupational programs available at community colleges should be seen as a second phase of programs available for JTPA completers. SDAs should be encouraged to create and/or extend coordination agreements with community colleges and other postsecondary institutions, regarding transfer, degree or certificate level vocational/occupational programs. Transitioning JTPA completers into such programs will serve to increase their long term employability.

5.3 Youth programs

Economically disadvantaged youth who do not have additional barriers to employment should not be excluded from opportunities available to them in the summer program. Eligibility criteria should be written in such a way as to expand opportunities for youth facing severe barriers to employment, including special demonstration programs that integrate basic skills, values and motivation, and job experience.

6 Conclusion

Mr. Chairman, Congressman Hayes, and members of the committee. I want to express my appreciation for this opportunity to share some concerns regarding the proposed JTPA amendments from the vantage point of the City Colleges of Chicago. Community colleges in general, and the City Colleges of Chicago in particular, serve as an important resource for the JTPA community. Given our similar missions and student/client base, the urban community college and the JTPA community share many common concerns and goals.

1 The changes that you, as members of Congress, enact have direct and significant
2 impact on us who are charged with implementing these changes and on the clients
3 served. Many of the proposed changes in JTPA are understandable and warranted.
4 However, they do not come without a cost. I urge you to consider and understand
5 these costs before changes are made. Thank you.

City Colleges of Chicago

January 29, 1990

Office of the Chancellor
312/855-3834

Honorable Augustus F. Hawkins
Chairman, Education and Labor Committee
U.S. House of Representatives
2371 Rayburn Building
Washington, D.C. 20515

Dear Congressman Hawkins:

On January 12, 1990, testimony was presented for the City Colleges of Chicago on the proposed amendments to JTPA at the congressional hearing in Chicago. First, let me commend you on your efforts to serve the disadvantaged citizens of our nation. The proposed amendments in your bill reflect a genuine concern for addressing the education and job training needs that we confront.

There are two points I would like to call to your attention. First, let me stress the importance of continuing the 8% State set-aside. As pointed out at the hearing by Dr. David Pierce of the Illinois Community College Board, the set-aside funds projects in community colleges and fosters creative, innovative partnerships important to JTPA programming. Community Colleges are an important resource for the JTPA community. Without this source of funding, the City Colleges would not be able to serve JTPA clients in programs such as our Early School Leavers and Career Access Center, both successful programs.

Second, to underscore the importance of community colleges in JTPA programs, I recommend that the JTPA amendments include language to encourage local Service Delivery Areas to utilize the education and training services of community colleges. Community college programs can serve as a means to improve the long-term employability of JTPA completers. Transfer and technical/occupational programs available at the community colleges should be seen as a second phase of programs available to these completers. Transitioning completers into such programs will serve to increase their long term employability.

Thank you for the opportunity to share City Colleges of Chicago's views on the proposed JTPA amendments at the hearing. I hope that you find these comments useful.

Sincerely,

Nelvia M. Brady

Nelvia M. Brady
Chancellor

cc: Congressman Charles Hayes

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A NOT-FOR-PROFIT CORPORATION
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Raymond D. Curran
Executive Director

to the

HOUSE COMMITTEE ON EDUCATION AND LABOR

January 12, 1990

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Safer Foundation would like to take this opportunity to briefly outline some of our key observations regarding the JTPA program and pending legislative changes for your consideration. Safer has been a recipient of JTPA dollars since its inception and currently has a variety of programs in three SDA's (Mayor's Office of Employment and Training, Chicago SDA IX; President's Office of Employment Training, Cook County SDA VII; and Eastern Iowa Community College District, Davenport, Iowa SDA IX).

SAFER FOUNDATION BACKGROUND

The Safer Foundation is the premier service provider for the offender community in the Midwest. Since its inception in 1970, it has addressed a full array of social and personal needs of an exclusively offender clientele. The purpose and intent of these services has always been to enable offenders to live productive, self-supporting, law-abiding lives with dignity and responsibility.

The Safer Foundation began as an advocate for offenders in their efforts to secure gainful employment and continues to place thousands of parolees and probationers in jobs each year. As it became apparent that the stigma of criminal conviction was not the only obstacle to employment for many of our clients, new services were implemented to remedy the problems that clients presented. Many offenders were destitute and lacked emotional support systems. Safer responded by developing a supportive service network to provide emergency assistance in securing housing, food, clothing and other essentials to clients in acute need. As other needs were recognized and defined, new service initiatives emerged. In 1980 Safer began a formal program of Substance Abuse services for ex-offenders. Safer is licensed by the Department of Alcoholism and Substance Abuse to provide early intervention/ prevention services as well as out patient drug free services. Safer provides early intervention counseling, referrals to long-term treatment programs, and a wide array of preventive services.

Because of impoverished backgrounds and limited exposure to mainstream life-styles, many offenders were found to lack effective communication skills and experienced paralyzing discomfort in social milieus outside their own. Safer instituted an intensive counseling program to help translate the straight world in terms accessible for clients, enabling them to better function in the social environment of the work-place.

Basic academic strengths were found to be lacking in a large percentage of those individuals seeking the Safer Foundation's services. Thirteen years ago the Foundation began to provide basic educational services to this targeted population.

Today over 4,000 participants have benefited from these educational services as well as subsequent educational, vocational and employment placements through the Foundation's Basic Skills Division.

In 1980 Safer accepted a contract from the Illinois Department of Corrections to operate a sixty bed work release facility for male inmates of the Illinois system. Since this time, the male population has been increased to 190 beds. As of September, 1988 Safer has incorporated an additional 60 beds for women in this facility. This facility is the largest work release center in the State. This facility became fully accredited by the American Correctional Association in 1986 and reaccredited in 1989.

Since 1976, Safer's programs have attracted attention from the national and local press (Chicago Tribune, Chicago Sun-Times, Chicago Magazine, Associated Press, Christian Science Monitor, and the Chicago Defender to name a few). By invitation, program staff have presented testimony, workshops, and seminars on educational issues to: the National Association of Teachers of English, the National Board of Inquiry on Schools, the John Howard Association, the Chicago Private Industry Council, the Illinois State Board of Education, and in a variety of college and unviersity settings. Safer's Executive Director, Raymond D. Curran, was the United Way Executive Director of the Year for 1987.

The Safer Foundation has been represented on a variety of national and state commissions that focused on the issues of crime and its impact on the community including the National Institute of Sentencing Alternatives and the Governor's Task Force for Prison Overcrowding and the Task Force for Community Corrections. In 1989 the Safer Foundation hosted a national conference focusing on issues impacting women in the criminal justice system.

In the fiscal year ending June 30, 1988, the Foundation serviced 7,503 offenders and former offenders at our nine service centers in Illinois and Iowa.

Please consider the following observations and recommendations which are the product of our twenty years of experience in providing quality programs serving the most needy population of all--the offender and ex-offender.

CAREER GROWTH IN THE REAL WORLD

Recent analyses of JTPA performance have implied that programs have failed if they have not resulted in the placement of participants in well-paying, career positions. This conclusion rests on a failure to comprehend the job market and the nature of employment competitiveness.

One-step transition from "underclass" status to career employment is not possible. Career growth is a graduated process that begins with entry-level employment. The never-employed participant who obtains an entry-level job is not a failure. He or she has completed an essential passage by reaching the first rung of the career ladder.

Competitiveness in the job market is enhanced by the acquisition of basic academic skills, the internalization of mature values related to working and by a realistic perspective on the dynamics of the marketplace. Entry-level employment is an opportunity to establish a work record, to generate employer references and to assimilate the habits and values of the workplace. It is an essential step that cannot be circumvented.

Participants in JTPA programs must not be sold short, and the pessimism of low expectations must be resisted; but not to the point that performance measures demand the impossible. If we are to work with the "most in need", realism must govern our expectations. We believe that no job is a dead-end job: not if it provides the experience and the credentials to progressively lead to a better job which in turn will lead to a career. This, after all, is how most of us matured as workers. The short cut is the real sellout, since it inevitably leads to failure and discouragement.

LENGTH OF TRAINING AND PARTICIPANT NEED

Many participants who seek out JTPA service providers are motivated by subsistence needs. They are interested in employment and income, and their urgency is obvious. They lack the financial resources, the domestic support and the attitudinal perseverance to postpone employment to accommodate extended training. Their choice is not between long or short-term training: it is between short-term training or none at all. No training strategy can succeed if it ignores the needs and desires of trainees.

As professionals engaged in the activity of designing and implementing training services, we sometimes need to be reminded of the value of work as a training vehicle and the importance of assimilating trainees as workers. Workers adopt their role by becoming habituated to working. To do so represents a dramatic change in lifestyle for many of those regarded as "most in need".

Safer Foundation endorses, as an alternative to extended time in training, a programmatic strategy that prioritizes rapid transition to employment, supplemented by a support package of crisis intervention, job adjustment counseling, career growth training and job related tutoring concurrent with job placement. Such a strategy would promote habituation

to working, not habituation to training. It would satisfy the urgent needs of destitute participants, and enable private sector employers to contribute to the transition process in the way that they are best able: by employing workers. It would be of far greater benefit to "hard to serve" participants than would an extension of classroom training that only delays their entry into the workforce.

Practical wisdom dictates that training should supplement experience and not attempt to substitute for it.

RISK FACTOR IN DETERMINING UNIT COST

Safer Foundation requests that the Committee consider a formula that would equate unit cost reimbursement to the level of risk of participants served. If the goal of JTPA revised legislation is to place more emphasis on hard to serve participants, then agencies and SDAs willing to take the financial risk of serving these more needy participants should be reimbursed at a comparable level to the risk they are assuming. This premise is especially valid since JTPA reimbursement only occurs when a service is successfully delivered. The success rate with the hard to serve will probably be less predictable, no matter how good the service offered may be. Such incentives would encourage greater service delivery to at-risk populations.

A base rate for the "average" JTPA client could be determined statistically, within an SDA, by analyzing data from the six year history of JTPA participants and then risk factors and weights for each factor could be determined and applied in a consistent formula with service providers.

ADMINISTRATIVE COSTS

Safer Foundation would hope that the Committee supports a reasonable administrative cost overhead to insure that quality of service is maintained and that those participants receiving JTPA services are eligible. The SDA must have adequate resources to implement, monitor and evaluate its service sub-recipients and the sub-recipients must have adequate resources to support its service delivery network. Currently Safer's administrative cost is approximately 14% of its direct service budget.

The eligibility determination, testing, and volumes of documentation required by JTPA demand a sophisticated and costly administrative infrastructure. The cost of this quality control must be considered and adequately provided for if it is to be effective.

THANK YOU

Finally, Safer Foundation would like to take this opportunity to thank Chairman Hawkins, Congressman Hayes and the members of the House Committee on Education and Labor for considering our testimony. JTPA dollars are a vital resource to the Foundation in carrying out its mission to assist offenders and ex-offenders become productive law-abiding citizens who are an asset to their communities rather than a liability.

We would welcome a site visit from any interested Committee members so that we could demonstrate first hand the impact that our JTPA programs are having as a change agent on the lives of our severely disadvantaged participants.

○